British Columbia Utilities Commission

2004/05 Annual Report

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BRITISH COLUMBIA UTILITIES COMMISSION

British Columbia Utilities Commission

2004/05 Annual Report

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Vancouver, BC
June 2005

To the Lieutenant Governor in Council

MAY IT PLEASE YOUR HONOUR:

Pursuant to the Utilities Commission Act and the Budget Transparency and Accountability Act, I respectfully submit this Report on the activities of the British Columbia Utilities Commission for the fiscal year 2004/05.

Section 13 of the Utilities Commission Act requires the Commission to submit a report to the Lieutenant Governor in Council for the preceding fiscal year, setting out briefly all applications and complaints, summarizing Commission findings, and reporting on other matters considered in the public interest. Consistent with the Budget Transparency and Accountability Act, the reporting timeframe is for the fiscal year.

Robert Hobbs

ROBERT H. HOBBS
Chair and Chief Executive Officer

Contents

Standard Abbreviations & Acronyms iii

Organizational Overview 1

Message from the Chair and Chief Executive Officer 4

The Year in Review 5

- Highlights in Operational and Financial Performance 5
- Highlights in Natural Gas 7
- Highlights in Electricity 10
- Highlights in Automobile Insurance 12
- Assistance to the Governments of Saskatchewan and Yukon 13
- 2005/06 Anticipated Events 13

Report on Performance 14

- Benchmarking Comparisons to Other Jurisdictions 30

Financial Report

- Commission Recovery and Expenditure Summary 32

Corporate Governance 36

Supplementary Information

- Regulated Utilities 41
- Domestic Electricity Sales – 2004 45
- Domestic Gas Sales – 2004 46
- Main Electric Transmission and Power Generating Facilities (Map) 47
- Natural Gas and Gas Liquids Utilities (Map) 48
- Decisions, Reasons for Decision and Negotiated Settlements 49
- Exemptions 62

Performance Indicators 64

- Proceeding Days Summary (Fiscal 2004/05) 65
- Hearing/ Alternative Dispute Resolution Days (Fiscal 2004/05) 67
- Customer Complaints and Inquiries (Fiscal 2004/05) 68
- Staffing Levels 70
- Directives Issued 70
- Commission Expenditures and Cost of Regulation per Customer 71
- Cost of Energy Regulation per Equivalent Gigajoule of Energy Sold 72
- Cycle Times 73

Contents

General Orders	77
Certificates of Public Convenience and Necessity	88
Natural Gas Marketer Licences	90
Other Orders	91
Commission Letters	93
Publications	99
Glossary of Terms	100

Standard Abbreviations & Acronyms

UTILITY/APPLICANT

British Columbia Hydro and Power Authority	BC Hydro
Cal-Gas Inc.	CalGas
Central Heat Distribution Limited	CHDL
FortisBC Inc.[1]	FortisBC
Hemlock Valley Electrical Services Limited	HVES
Pacific Northern Gas Ltd.	PNG, PNG-West
Pacific Northern Gas (N.E.) Ltd.	PNG (N.E.)
Plateau Pipe Line Ltd.	Plateau
Port Alice Gas Inc.	Port Alice Gas
Princeton Light and Power Company, Limited	PLP
Silversmith Light & Power Corporation	Silversmith
Stargas Utilities Ltd.	Stargas
Sun Peaks Utilities Co., Ltd.	Sun Peaks
Sun Rivers Services Corp.	Sun Rivers
The Corporation of the City of Nelson	City of Nelson
Terasen Gas Inc. (subsidiary of Terasen Inc.)	Terasen, Terasen Gas, TGI
Terasen Gas (Whistler) Inc.	Terasen (Whistler), TGW
Terasen Gas (Vancouver Island) Inc.	Terasen VI, TGVI
Terasen Gas (Squamish) Inc.	Terasen (Squamish)
Terasen Multi-Utility Services Inc.	Terasen MUS, TMUS
Terasen Pipelines (Jet Fuel) Inc.	Terasen (Pipelines)
The Yukon Electrical Company Limited	YECL

OTHER

Agent Billing and Collection for Transportation Service	ABC-T
Allowance for Funds Used During Construction	AFUDC
Alternative Dispute Resolution	ADR
Apartment Customer Rates	ACR
Certificate of Public Convenience and Necessity	CPCN
Energy for our Future: A Plan for BC	Energy Plan or Energy Policy
Gas Cost Reconciliation Account	GCRA
Gas Cost Variance Account	GCVA
Independent Power Producers	IPPs
Insurance Corporation of British Columbia	ICBC
Large General Service	LGS
Natural Gas Vehicles	NGV
Negotiated Settlement Process	NSP
Return on Common Equity	ROE
Small General Service	SGS
Utilities Commission Act	the Act, UCA

1 On June 1, 2004 Aquila Networks Canada (British Columbia) Ltd. changed its name to FortisBC Inc.

Organizational Overview

Introduction

The British Columbia Utilities Commission ("the Commission", "BCUC") is a regulatory agency of the Provincial Government, operating under and administering the Utilities Commission Act. The Commission's function is quasi-judicial and it has the power to make legally binding rulings. Decisions and Orders of the Commission may be appealed to the Court of Appeal on questions of law or jurisdiction. The Commission's primary responsibility is the regulation of the public utilities under its jurisdiction and, effective August 12, 2003, the regulation of certain aspects of automobile insurance pursuant to the Insurance Corporation Amendment Act.

Through an open and transparent regulatory review process, the Commission ensures that the:

- rates charged for energy are fair, just and reasonable;
- energy utility operations provide safe, adequate and secure service to their customers;
- shareholders of public utilities under its jurisdiction are afforded a reasonable opportunity to earn a fair return on their invested capital;
- ICBC universal compulsory automobile insurance is adequate, efficient, just and reasonable; and
- ICBC optional insurance is not subsidized by other ICBC operations.

The Commission also reviews energy-related and basic insurance matters referred to it by Cabinet. These reviews usually involve public inquiries, followed by a report and recommendations to Cabinet. In addition, under Part 7 of the Pipeline Act, the Commission establishes tolls and conditions of service for intraprovincial oil pipelines. The Commission has responsibilities under the UCA for electricity transmission facilities, energy supply contracts and the issuance of gas marketer licences, matters that are likely to become more active as the reorganization of the energy industry proceeds. The Commission also approves the construction of new facilities planned by energy utilities and their issuance of securities.

The Commission has been self-funded since 1988. Its costs are recovered primarily through a levy on the public utilities it regulates. The work of the Commission is important to the population of British Columbia because the effects of regulation instill a high degree of public confidence that competing interests among monopoly utilities, consumers and other stakeholders are reconciled. Likewise, the effects of regulation send a message to the community beyond British Columbia that the province is a safe and fair place to do business.

The Act provides for a Chair, one or more Deputy Chairs, up to seven Commissioners (including the Chair and Deputy Chair[s]), and Temporary Commissioners. All are appointed by the Lieutenant Governor in Council. As of March 2005, there were six Temporary Commissioners, two Commissioners and the Chair. There are 22 Commission staff, including professional engineers, accountants, economists, and administrative staff. The Commission is located in Vancouver at 900 Howe Street.

Commission staff are organized into an Information Services Group and a Regulatory Affairs and Planning Group. The Information Services Group handles complaints from ratepayers, provides research support, and compiles statistics and information to respond to inquiries from the public. The Regulatory Affairs and Planning Group comprises three functional units: strategic services, rates and finance, and engineering and commodity markets. To effectively deliver its core business, the Commission has organized its regulatory functions by tasks, utilizing the knowledge of its interdisciplinary teams.

1.1 Vision

To be a respected regulator of public utilities.

1.2 Mission

To exercise our regulatory mandate in a manner that serves the public interest and that is independent, principled and respectful of the interests and resources of all parties.

1.3 Value Statements

The Commission is committed to:

- Ensure arms-length, independent, and accountable regulation of utilities.
- Apply regulatory principles, research and industry knowledge to resolve public utility problems.
- Render decisions that are timely, fair, workable and respected.
- Write high quality decisions, reports and publications.
- Communicate effectively and transparently with co-workers, utilities, ratepayers, government and the public.
- Promote learning, innovation, creativity and the achievement of personal and professional goals.

Commission Services

In addition to its regulatory responsibilities, the Commission provides the following services and assistance:

- review ratepayers' complaints about the actions of utilities;
- provide copies of documentation prepared by the Commission (e.g., Brochures, Guidelines, Orders, Decisions, etc.) at no charge. These documents are also posted and available for download from the Commission's web site: http://www.bcuc.com;
- provide access to regulated utilities' Tariffs;
- provide access to information filed in public hearings; and
- respond to requests for general information regarding utilities.

Regulatory Functions and Responsibilities

The Commission meets regularly to review utility applications, to authorize the issuance of Commission Orders or other directives considered necessary and in the public interest, to review complaints and to conduct other necessary Commission business. The regulatory tasks are carried out using an interdisciplinary team approach. The team assigned to a task is normally composed of specialists from disciplines of engineering, accounting and economics and is advised, as appropriate, by legal counsel and specialist consultants retained by the Commission.

Message from the Chair and Chief Executive Officer

The responsibilities and the authority of the Commission dramatically changed with four Bills that were promulgated in 2003: 1) Bill 39 - 2003, Transmission Corporation Act; 2) Bill 58 - 2003, Insurance Corporation Amendment Act; 3) Bill 40 - 2003, Utilities Commission Amendment Act; and 4) Bill 85 - 2003, BC Hydro Public Power Legacy and Heritage Contract Act. Pursuant to authority granted by these four Bills, the Commission issued several decisions in 2004/2005, including:

- BC Hydro – 2004/05 to 2005/06 Revenue Requirements Decision and British Columbia Transmission Corporation (BCTC) Deferral Accounts Decision, October 29, 2004
- BCTC - Capital Plan Decision, November 19, 2004
- ICBC – Actuarial and 2005 Financial Information, Financial Allocation Methodology Decision, January 19, 2005
- BC Hydro, Review of Electricity Purchase Agreement for Capacity on Vancouver Island, March 9, 2005
- Terasen Gas (Vancouver Island) Inc. 2004 Resource Plan and CPCN for a LNG Storage Project Decision, February 15, 2005

I am pleased to report that the British Columbia Utilities Commission has achieved the goals it set for itself in its Service Plan for the period 2003/2004 through 2005/2006, dated January 31, 2003. The costs, activity levels and application cycle times of the Commission continue to compare favourably with past years and it remains among the most efficient energy regulators in North America.

The upcoming year promises to be challenging for the Commission as it continues to bring BCTC, BC Hydro and ICBC into regulation. The first rate design decision for BCTC will be issued shortly, and BCTC's capital plan is also before the Commission for review this year. There will be several decisions that further establish regulatory parameters for resource planning at BC Hydro, and a review of BC Hydro's revenue requirements and rate design will begin this year. ICBC is also expected to make revenue requirement and rate design filings this year. The Commission anticipates that it will process and review all of these applications in an efficient and timely manner.

Robert H. Hobbs
Chair and Chief Executive Officer

The Year in Review

Background

The UCA was amended in 2003 to provide a mandate to the Commission to implement the policy actions of the Province's Energy Plan released on November 25, 2002, and to undertake the regulation of certain aspects of basic automobile insurance. Amendments to Section 45 of the UCA expand upon and clarify the planning requirements of utilities and the Commission's role to review these plans to determine whether expenditures are in the public interest and whether associated rate changes are necessary and appropriate. Other amendments to the UCA provided the Commission with the authority to license gas marketers in anticipation of unbundling and customer choice for Terasen Gas' commercial customers.

The Commission also began the process of re-regulating the rates of BC Hydro, and of BCTC. BCTC is a provincial Crown Corporation which was created by the *Transmission Corporation Act* (SBC 2003, c. 44) and began operations on August 1, 2003. BCTC is mandated to operate, manage, plan and maintain BC Hydro's transmission system. BCTC filed its first tariff application with the BCUC in August 2004.

A summary of the Decisions and Orders issued by the Commission in 2004/05 is found commencing on page 49 of this Annual Report.

Highlights in Operational and Financial Performance

Proceeding Days

The number of proceeding days increased in 2004/05 to a total of 85 (including hearings, dispute resolution, workshops, pre-hearing conferences, town hall meetings and meetings related to annual reviews of Performance-Based Regulation agreements). There were 61 oral public hearing days in 2004/05, up from 31 in 2003/04. There were 6 dispute resolution days in 2004/05 and 18 days dedicated to pre-hearing conferences and workshops.

The higher than normal number of hearing days is the result of several long hearings related to unusual circumstances. These included the review of the first BC Hydro revenue requirements application since it was returned to full rate regulation, the first review of a FortisBC revenue requirements application since FortisBC purchased the assets of Aquila Networks Canada (British Columbia) Ltd., the review of a BC Hydro Application for approval of an Electricity Purchase Agreement with Duke Point Power on Vancouver Island, a review of the

financial allocation methodology of the Insurance Corporation of BC and a review of the BCTC Application for an Open Access Transmission Tariff.

The Commission's costs in constant dollars decreased substantially from levels established in the early 1990's, until 1998/99 at which time they levelled out. Costs in 2003/04 and 2004/05 have increased for the reasons described above. Details and graphs are included in the section entitled Performance Indicators, beginning on page 64.

Organizational Efficiency and Effectiveness

The staffing level at the Commission in 2004/05 remained constant at 22 with existing staff taking on the increase in responsibilities of the Commission and the requirement to initiate comprehensive reviews for entities that had not been regulated before (ICBC, BCTC), or had not been substantially reviewed for some time (BC Hydro). Staffing expenditure constituted approximately 54 percent of the Commission budget in 2004/05. In past years the Commission succeeded in maintaining or lowering its budget and core expenditures in real terms by moving away from the traditional cost-of-service approach to performance-based regulation ("PBR") or to negotiated settlement processes ("NSP") , which offer potentially lower regulatory costs. These results-based practices allowed the BCUC to keep its costs reasonable in terms of the services to ratepayers and utilities. However, a public hearing process can be the preferred and more appropriate process, depending on the nature and circumstances of an application. In 2004/05, several of the proceedings were better suited to a public hearing process than an NSP. This, plus the additional responsibilities related to the regulation of certain aspects of basic automobile insurance, has increased the costs of the Commission.

Pursuant to Section 118 of the UCA, the BCUC has the authority to grant cost awards to intervenors in a proceeding before the Commission. The Commission has issued Participant Assistance Cost Award Guidelines ("PACA Guidelines") to ensure that intervenors' submissions are useful, their efforts do not duplicate each other's, and costs claimed are reasonable. In 2004/05, the Commission revised the PACA Guidelines. It also issued 11 participant funding decisions totaling $1,238,531.79 in cost awards.

The costs of the Commission can be measured by cost per utility customer and cost per unit of energy sold. In fiscal 2004/05, the cost of regulation per customer (energy service and ICBC) was $0.77 (in 2004 dollars, down from $1.09 in 2003/04). In fiscal 2004/05, the cost of regulation per energy service customer was $1.40 (in 2004 dollars, down from $1.56 in 2003/04). The cost of energy regulation per gigajoule ("GJ") of energy sold was $0.89 cents. The total expenditure for fiscal 2004/05 was $4,266,799.41; the approved budget was $4,677,000.

Highlights in Natural Gas

Natural Gas Commodity Costs

Gas prices across North America are influenced in the short term by weather, the economy, the price of competing fuels, and gas storage levels. The level of economic activity, number of wells drilled, crude oil prices, and other factors affecting the gas supply/demand balance impact gas prices over the longer term. Gas turbines have been the recent choice for many electricity generators due to their improved efficiency, lower capital cost and environmental benefits. Regional gas demand will be significantly influenced by the amount of new gas-fueled generation that is built in the region. Recent National Energy Board reports indicate that the continental supply and demand balance is likely to remain tight until closer to the end of the decade, when liquefied natural gas imports and gas from the Mackenzie Delta are expected to become available to the market.

The sharp increase in continental market prices for natural gas in the winter of 2000/01 reversed in spring 2001 due to moderate weather, more well drilling and a slowing North American economy. Gas prices were relatively stable over the remainder of 2001 and most of 2002, and then increased in early 2003. Gas demand has become more weather-dependent, and gas prices were quite volatile over 2003 and 2004. Prices in late 2004 were relatively strong, due to an active hurricane season, high crude oil prices and concerns about the adequacy of gas supplies. Gas storage levels at the end of winter 2004/05 were above the five-year average, but very high crude oil prices, forecasts of strong economic growth in the United States and below-average snow pack levels caused spot and forward gas prices to strengthen further in March 2005. Due to these factors plus weather uncertainty and fewer credit-worthy market participants, future gas prices are expected to be volatile and high relative to long-term averages.

Experience from the winter of 2000/01 demonstrated the significant impact of very high prices on consumers' cost of living and businesses' operating costs. There was a public expectation that regulators could somehow "save" consumers from high gas commodity costs, even though costs have been set by market forces and passed on to the customers without mark-up by the utilities for over 15 years.

Although the BCUC does not regulate the competitive market for the natural gas commodity, it requires utilities to provide quarterly reviews of gas prices and deferral account balances. Such deferral account mechanisms are intended to smooth out changes in utility rates when gas prices change. British Columbia customers tend to pay less than the full gas cost when gas prices are high and pay slightly more than the actual cost when gas prices are low. The debit balances that accumulated during 2000/01 have been paid back by customers to the utilities. The BCUC reviews utility gas supply contracting and hedging plans to ensure that,

within the limits of market prices, the utilities purchase reliable supplies at the lowest cost possible. However, even with such measures a risk remains that significant, sustained increases in the cost of the unregulated commodity could drive natural gas rates to uncomfortable levels for consumers. Furthermore, current market prices represent a risk that gas may become non-competitive relative to electricity, since electricity rates are based on the cost of generation.

Commercial Unbundling and Customer Choice

The trend toward reorganization in energy markets throughout North America is leading to increased pressure on the BCUC from customers and energy providers alike to ensure that customers are offered more options and that utility services are provided in a fair, open and non-discriminatory manner. The entry of non-regulated companies, including affiliates of regulated utilities, increases the complexity of regulating energy utility services. A necessary condition for securing competitive prices for natural gas and electricity is that remaining monopoly transmission and distribution utilities be regulated to ensure market participants receive fair access to deliver their energy at non-discriminatory rates.

As a result of the Energy Plan, Terasen Gas implemented Commodity Unbundling Service for commercial customers effective November 1, 2004. This service option generally applies for small commercial customers, as large volume customers already had access to alternative suppliers. Under the program, commercial customers are permitted to select a natural gas supplier other than Terasen Gas on a fixed price contract basis for up to five years. Early results indicate a very successful implementation of the program. As of January 2005, 11,000 customers or 14 percent of eligible customers chose to participate, and the Commission has received very few complaints related to the program.

Depending on the success of the first phase in attracting a significant number of commercial customers, the program will be expanded to include residential customers. In the interim, Terasen Gas offers a Stable Commodity Rate option for residential service. Effective January 1, 2005, residential customers can select this alternative to fix the commodity portion of their gas rates for one year.

In order to successfully introduce the commercial unbundling phase of the program, a regulatory, consumer protection and billing framework was required. The framework developed includes utility tariffs, a consumer education program, and Rules for Gas Marketers that include a Code of Conduct and licensing requirements. These measures ensure that customer confidence in the program will not be tarnished by marketer abuses or consumer misunderstanding. Terasen Gas implemented a combination of manual and computer controlled systems to keep program costs to a minimum, while at the same time providing mechanisms that can

be enhanced to serve a broader residential customer base over time. The program was staged with commercial customers followed by residential, due to the significant investment risk that an insufficient number of residential and commercial customers will participate to justify the high costs of full scale implementation. The phased approach is a cost-effective alternative.

Pacific Northern Gas

In January 2004, Pacific Northern Gas Ltd. applied to the Commission to recapitalize under an income trust ownership structure. An income trust owns securities (debt and equity) issued by an underlying business which pays substantially all of its cash flow as interest and dividends on shareholder notes and common shares held by the income trust. The Commission's Decision and Order No. G-70-04, both dated July 29, 2004, denied PNG's application to recapitalize under an income trust ownership structure.

In December 2004, PNG filed a new and reworked application for approvals that would permit PNG to convert to an income trust ownership structure. The income trust application is being reviewed in conjunction with an application by PNG to amend its 2005 rates. A decision on both applications is pending.

Terasen Gas (Vancouver Island)

Following an oral public hearing, the Commission's Decision and Order No. C-2-05, dated February 15, 2005, granted Terasen Gas (Vancouver Island) Inc. conditional approval of a Certificate of Public Convenience and Necessity for a liquefied natural gas storage facility on Vancouver Island at Mount Hayes near Ladysmith. The LNG facility will provide the Vancouver Island gas system capacity needed to serve the electric generation plant that Duke Point Power Limited Partnership proposes to build near Nanaimo. It will also provide additional natural gas storage in south-western British Columbia, and thereby reduce the need for expansion of pipeline infrastructure to serve the region.

Highlights in Electricity

Implementation of the Energy Plan

In May 2003, the Province created BCTC, to manage, maintain and operate the transmission assets of BC Hydro, and to ensure open and non-discriminatory access to the BC transmission system for all electricity producers. BCTC officially commenced operations on August 1, 2003.

The Energy Plan also contemplated that the Commission would resume regulating BC Hydro rates. In December 2003, BC Hydro filed an application for a general rate increase of 7.23 percent effective April 1, 2004 on an interim basis, and a further increase of 2.0 percent effective April 1, 2005. By Order No. G-8-04, the Commission approved an interim rate increase of 7.23 percent in 2004 subject to refund with interest following the public hearing and a Commission Decision on a final rate. BC Hydro subsequently revised its application to a request for an 8.9 percent increase in 2004. Also in December 2003, the BCTC filed an application for certain deferral accounts.

The Commission held an oral public hearing in May and June 2004 to review the BC Hydro and BCTC Applications. The Commission's Decision was issued on October 29, 2004 approving an increase of 4.85 percent effective April 1, 2004. The difference between the approved increase and the interim increase was refunded to customers on the December 2004 and January 2005 bill statements with interest.

Under the terms of the *Transmission Corporation Act*, BCTC was required to seek an order from the Commission on or before December 31, 2004 approving its first schedule of rates. On August 3, 2004, BCTC filed an application for an Open Access Transmission Tariff ("OATT") to replace the BC Hydro Wholesale Transmission Tariff. The Commission held an oral public hearing to review the OATT application beginning on February 28, 2005 and ending on March 8, 2005. A Decision on the OATT is pending. BCTC filed its F2006 revenue requirements application on December 23, 2004. By Order No G-25-05 the Commission established a workshop and negotiated settlement process to commence on May 25, 2005. The filing of the OATT application and the revenue requirements application satisfies BCTC's requirement to do so under the *Transmission Corporation Act*.

Also related to the provision of non-discriminatory open access transmission service in British Columbia, BCTC and BC Hydro each filed Standards of Conduct related to the treatment of non-public transmission-related information. The Commission in Letter No. L-58-05 requested comments from interested parties and received

none. Following its review of the Standards of Conduct, the Commission approved them by Orders No. G-12-05 and G-13-05.

On November 3, 2004 B.C. Hydro advised the Commission that Duke Point Power Limited Partnership is the successful proponent in the Vancouver Island Call for Tenders ("CFT") process. On November 19, 2004 B.C. Hydro filed the Electricity Purchase Agreement ("EPA") with Duke Point Power and a report on the CFT Process. By Order No. G-99-04, the Commission held a Procedural Conference on November 29 and 30, 2004 to establish the scope for the proceeding to review B.C. Hydro's EPA filing and CFT Report. By Order No. G-106-04, amended by Order No. G-119-04, the Commission established an oral public hearing to commence on January 17, 2005. The hearing ended on January 28, 2005. The Commission issued Order No. E- 1-05 on February 17, 2005 accepting the EPA for filing, and issued its Reasons for Decision on March 9, 2005.

Energy Trade

Energy trade with other jurisdictions is important to our province as a source of substantial revenue to government and BC Hydro ratepayers. Under Special Direction No. HC2 net trade income up to $200 million is credited to ratepayers.

Electricity trade revenues tend to be highest when market prices are high. In the western U.S. low levels of electricity infrastructure investment, low precipitation and growing demand led to abnormally high market prices and shortages during peak periods in 2000. In 2001 and 2002, a reversal of these factors led to a surplus of electricity and a reduction in the market prices for electricity. In fiscal 2004, gross trade revenues were $1,924 million and net electricity trade revenue was $871 million.

Cross-jurisdictional bodies facilitate trade but constrain the ability of the province to formulate policies in isolation of events outside its border. Events in other jurisdictions can significantly affect the level of trade or the amount of revenue arising from energy trade. The Commission notes that there are significant uncertainties related to trade revenues as a result of lawsuits and regulatory proceedings that allege that during part of 2000 and 2001 California wholesale electricity markets were unlawfully manipulated and that energy prices were not just and reasonable. Powerex, as well as other energy providers, have been named as defendants in some of those proceedings.

In order to remain informed of such events the BCUC has ties with tribunals in neighbouring provinces and states and participates in or monitors cross-jurisdictional initiatives such as the Western Electric Coordinating Council ("WECC") and Grid West, which is examining regional transmission issues. The Commission also plays

an active role in the Canadian Association of Members of Public Utility Tribunals ("CAMPUT"). The Commission continues to explore with other regulators harmonization, standardization, and streamlining of regulation within the limits of its enabling legislation.

Review of FortisBC Inc. Revenue Requirements

On April 30, 2004, the Commission issued Order No. G-39-04 and Reasons for Decision approving the Fortis Pacific Holdings Inc. ("Fortis") acquisition of Aquila Networks Canada (British Columbia) Ltd. ("Aquila"). Fortis is an indirect wholly-owned subsidiary of Fortis Inc., a diversified Canadian electric utility holding company. On June 1, 2004, Aquila changed its name to FortisBC Inc. In March 2005, the Commission conducted an oral public hearing in Kelowna to review a revenue requirements application by FortisBC. This marked the first comprehensive review of the revenue requirements of FortisBC since the purchase of Aquila by Fortis.

Highlights in Automobile Insurance

The Commission's mandate was expanded to regulate certain aspects of automobile insurance effective August 12, 2003.

The Negotiated Settlement Process ("NSP") relating to Performance Measures and Basic Insurance Information Sharing, which commenced during the 2003/04 reporting period was concluded in the current 2004/05 period. The Commission issued Order No. G-49-04 on May 20, 2004, which approved the NSP Agreement.

On July 5, 2004, ICBC filed an application that sought approval of a Financial Allocation Methodology under which ICBC will assign costs to its Basic and Optional Insurance lines of business. ICBC also filed material dealing with road safety and loss management programs, the collection and use of data relating to age, sex, and marital status, and Actuarial and 2005 Financial Information. ICBC did not seek to change the premiums for Basic Insurance for the 2005 policy year.

The Commission reviewed the application and the filed material in an oral public hearing which took place in October 2004. The Commission issued a Decision dated January 19, 2005 that accepted ICBC's fully allocated costing, or pro-rata, methodology as being the most appropriate one for allocating costs among ICBC's three lines of business. The Decision also contained a number of significant directions to ICBC, including a direction to further analyze certain allocators and allocation percentages and convene a workshop within 60 days to review all details.

The Commission accepted the Actuarial and Financial Information for the 2005 policy year and did not require ICBC to file a separate full 2005 revenue requirements application. However, the Commission did direct ICBC to file a comprehensive Revenue Requirements Application for 2006 Basic Insurance Premiums and a comprehensive capital management plan for the corporation as a whole and for both the Basic and Optional Insurance lines of business. In the Decision the Commission also gave a number of directions and suggestions pertaining specifically to the Road Safety and Loss Management programs.

On March 10, 2005 ICBC filed its analyses as directed by the Commission in the January 19, 2005 Decision with respect to certain allocators and percentages in the Financial Allocation Methodology. A workshop was held on March 16, 2005 to review the filed information. A Negotiated Settlement Agreement was approved by Order No. G-46-05 dated May 18, 2005.

Assistance to the Governments of Saskatchewan and the Yukon

Under contract, Commission staff continues to assist the Governments of Saskatchewan and the Yukon on regulatory matters. The revenue received from these contracts reduces the cost of regulation in BC.

2005/06 Anticipated Events

During the 2005/06 fiscal year the Commission expects to complete its reviews of the following major applications:

- British Columbia Transmission Corporation Open Access Transmission Tariff Application (Decision issued on June 20, 2005)
- British Columbia Transmission Corporation F2006 Revenue Requirements Application (NSP pending)
- FortisBC 2005 Revenue Requirements Application, 2005 System Development Plan 2005-2024, 2005 Resource Plan (Decision issued on May 31, 2005)
- Pacific Northern Gas Ltd. Application to convert PNG to an Income Trust, 2005 Revenue Requirements Application
- Pacific Northern Gas (N.E.) Ltd. 2005 Revenue Requirements Application (Decision issued on May 5, 2005)
- British Columbia Hydro and Power Authority Transmission Service Rate Application
- British Columbia Hydro and Power Authority Resource Expenditure and Acquisition Plan
- British Columbia Transmission Corporation - 2005 Transmission System Capital Plan for the period F2006 to F2015
- Generic hearing into Return on Equity and related issues
- British Columbia Hydro and Power Authority General Tariff (Rate Design) Application

Report on Performance

The Commission's overarching mandate is to ensure that ratepayers receive safe, reliable and nondiscriminatory energy services at fair rates from regulated energy utilities; that shareholders of those energy utilities are afforded a reasonable opportunity to earn a fair return on their invested capital; that service to basic automobile insurance policyholders is adequate, efficient, just and reasonable and that ICBC optional insurance is not subsidized by other ICBC operations. The BCUC also has a mandate to ensure that customer complaints of unfair treatment by utilities are heard and dealt with fairly.

To effectively deliver its core services, the Commission has organized its regulatory functions by area of activity, built on the knowledge of its interdisciplinary teams. The primary areas of activities are:

(1) Revenue Requirements;
(2) Rate Design;
(3) Capital Projects Review;
(4) Oversight of Energy Commodity Cost and Competitive Market Development;
(5) Safety and Reliability; and
(6) Information Service and Complaints.

It is the aim of the Commission to deliver its core services in an efficient and effective manner without incurring unnecessary costs and burdensome regulatory requirements.

The following tables report on the Commission's performance in its core services for the 2003/04 planning period. The Goals, Strategies and Activities, Outputs and Outcomes, and Target and Quality Indicators are from the Commission's 2003/04 Service Plan, tabled on January 31, 2003. The outermost columns summarize the Commission's performance over the 2003/04 Service plan period and, if applicable, how and why actual results vary from targeted performance.

GOAL 1: Implement the policy actions of B.C.'s Energy Plan

2003/04 Service Plan			2004/05 Performance	
Strategies and Activities	**Output, Outcome**	**Target or Quality Indicator**	**Results, Implications or Comments**	**Rating**
Amend Utilities Commission Act in 2003 for purposes of Energy Policy implementation and related procedural efficiency initiatives.	Amend Act to enable: •direct natural gas sales (Policy Action #19) •Heritage Contract (possibly separate legislation) (Policy Action #1) •removal of disincentives for distributors to invest in conservation and efficiency (Policy Action #23) •least-cost resource acquisition processes of B.C. Hydro, FortisBC and other investor-owned utilities (Policy Action #9). •performance-based and results-based regulation (Policy Action #12)	Amendments to Utilities Commission Act in force by June 2003.	Outcome complete. Target and quality indicator attained.	●
		Terasen Gas and Terasen Gas Vancouver Island Resource plans reviewed. BC Hydro Resource Expenditure and Acquisition Plan review underway.	Ongoing.	●
		Revise Commission's Negotiated Settlement Process Guidelines by Fall 2003.	Postponed.	◉
The re-regulation of B.C. Hydro rates (Policy Action #5).	Phased Oral Public Hearings into generation, transmission and distribution revenue requirements for 2003/04, following Heritage Contract Cabinet Decision in Winter 2003/04 (Policy Action #5): •possibly separate review of wholesale transmission rates and participation in RTO West (Policy Action #16) • Multi-Year Performance-Based Ratemaking using Negotiated Settlement Process in 2004 • hearing to develop new stepped and time-of-use pricing for B.C. Hydro Large Volume customers in 2004 (Policy Action #21).	Timely, well articulated Decisions with Reasons, in response to each Application. Approval of new Transmission tariffs	Decision on BC Hydro revenue requirements for 2004/05 and 2005/06 and BCTC Application for Deferral Accounts issued on October 29,2004. BCTC Transmission Tariff hearing complete and Decision pending. BC Hydro Revenue Requirements determined through 2005/06 (see above). Transmission Services and Time of Use Application filed in March 2005 with Negotiated Settlement Process scheduled for May 2005.	●

Satisfactory ●
Needs Improvement ◉
Unsatisfactory ○

GOAL 1: **Implement the policy actions of B.C.'s Energy Plan**

2003/04 Service Plan			2004/05 Performance	
Strategies and Activities	**Output, Outcome**	**Target or Quality Indicator**	**Results, Implications or Comments**	**Rating**
Amend Utilities Commission Act in 2003 for purposes of Energy Policy implementation and related procedural efficiency initiatives	Amend Act to enable: •direct natural gas sales (Policy Action #19) •Heritage Contract (possibly separate legislation) (Policy Action #1) •removal of disincentives for distributors to invest in conservation and efficiency (Policy Action #23) •least-cost resource acquisition processes of B.C. Hydro, FortisBC and other investor-owned utilities (Policy Action #9) •performance-based and results-based regulation (Policy Action #12)	Amendments to Utilities Commission Act in force by June 2003	Outcome complete Target and quality indicator attained	●
		Terasen Gas and Terasen Gas Vancouver Island Resource plans reviewed. BC Hydro Resource Expenditure and Acquisition Plan review underway	Ongoing	●
		Revise Commission's Negotiated Settlement Process Guidelines by Fall 2003	Postponed	◎
The re-regulation of B.C. Hydro rates (Policy Action #5)	Phased Oral Public Hearings into generation, transmission and distribution revenue requirements for 2003/04, following Heritage Contract Cabinet Decision in Winter 2003/04 (Policy Action #5); •possibly separate review of wholesale transmission rates and participation in RTO West (Policy Action #16) • Multi-Year Performance-Based Ratemaking using Negotiated Settlement Process in 2004 • hearing to develop new stepped and time-of-use pricing for B.C. Hydro Large Volume customers in 2004 (Policy Action #21).	Timely, well articulated Decisions with Reasons, in response to each Application. Approval of new Transmission tariffs	Decision on BC Hydro revenue requirements for 2004/05 and 2005/06 and BCTC Application for Deferral Accounts issued on October 29, 2004. BCTC Transmission Tariff hearing complete and Decision pending. BC Hydro Revenue Requirements determined through 2005/06 (see above). Transmission Services and Time of Use Application filed in March 2005 with Negotiated Settlement Process scheduled for May 2005.	●

● Satisfactory
◎ Needs Improvement
○ Unsatisfactory

GOAL 2: **Ensure that utilities are financially viable and capable of providing high quality service to customers.**

2003/04 Service Plan			2004/05 Performance	
Strategies and Activities	**Output, Outcome**	**Target or Quality Indicator**	**Results, Implications or Comments**	**Rating**
Determine a fair Return on Equity ("ROE") for a low-risk benchmark utility.	Calculation of the allowed low-risk benchmark ROE at the end of each year.	Publication of the resulting ROE by early December each year so that utilities can incorporate the results into their rates for the following year.	By Letter No. L-55-04, the Commission determined that 9.03 percent is the appropriate return on common equity for a low-risk benchmark utility for the year 2005.	●
Periodic reviews or public hearings to consider whether any amendment should be made to the ROE adjustment mechanism.	Decision based on evidence in a review proceeding on possible amendments to the formula.	Clear and reasonable Commission Decisions.	On July 22, 2004 Terasen Gas Inc. requested a review of the ROE and capital structure to be applied to a low-risk benchmark utility. The Commission requested comments from interested parties, and after reviewing the comments denied the request for a review but indicated that a review in Fall 2005 may be appropriate.	n/a
Review and oversight of utility financing, commodity trading and hedging activities and gas cost variance account balances to ensure that the benefits to ratepayers are not outweighed by the risks involved.	Approval or feedback to the utility on its financing, commodity contracting, or price risk management (hedging) activities. Reports on gas contracting and hedging activities.	Utility trading and financing activities appropriate to market conditions. Avoidance of imprudent expenditures and full recovery of all prudent commodity costs.	Ongoing. The Commission continues to attain its target objectives and outcomes in these service activities.	●
Review of B.C. Hydro export trade activities to ensure that utility ratepayers are not put at risk by trading activities.	Requirement for quarterly reports on export trade.	Benefits of export trade activities exceed costs.	Ongoing. The Commission reviews the reports as filed.	●
Approval of utilities' capital and operating expenditures.	Approval of capital and expense budgets to be recovered in utility rates.	Sufficient revenue for each utility to provide safe, reliable operations and to be financially viable.	Please refer to Goal 6.	●

● Satisfactory
◉ Needs Improvement
○ Unsatisfactory

GOAL 3: Maintain and Improve Public and Worker Safety, and Enhance Quality and Reliability of Utility Service

2003/04 Service Plan			2004/05 Performance	
Strategies and Activities	**Output, Outcome**	**Target or Quality Indicator**	**Results, Implications or Comments**	**Rating**
Incorporate financial incentives into multi-year revenue requirement applications which can only be earned if safety and reliability targets are met.	Provisions in incentive settlement agreements to encourage utilities to provide high quality, reliable service based on agreed upon performance indicators.	Safety and reliability indicators that surpass levels in previous years and compare favourably with other utilities.	Ongoing. The Commission is cognizant of safety and reliability indicators and seeks to monitor and incorporate applicable standards into determinations as appropriate. Examples: Terasen Gas' current multi-year settlement of revenue requirements includes financial incentives that can only be earned if safety and reliability targets are met. FortisBC's safety and reliability indicators were reviewed in an oral public hearing in March 2005.	●
Review customer complaints, reliability and quality of service indicators, gas supply and power purchase plans.	Measurements against safety and reliability targets. Identification of new safety and reliability issues requiring action.	Improved utility responses to service quality and reliability incidents and improved results of the performance indicators and statistics.	The Commission tracks service quality indicators insofar as they are embedded components in utility Performance-Based Rates (PBRs) and may review them in revenue requirements hearings. The Commission also directs utilities to address systemic reliability and service quality issues arising out of customer complaints.	●
Review utility capital and operating plans to ensure that necessary expenditures are made and activities are undertaken to provide high quality, reliable service. Review criteria and agreements concerning electric system reliability and reliability management.	Approval of appropriate utility capital plans and capital project applications to ensure that appropriate system upgrades are undertaken. Secure and reliable operations resulting from the standards and criteria set out in the agreements.	Timely Decisions with well-articulated Reasons on applications for Certificates of Public Convenience and Necessity, and adequate energy supplies during peak periods.	Ongoing. The Commission continues to effectively manage and ensure the provision of adequate energy supply during peak periods. The Commission monitors/investigates WECC Reports with regard to BC Hydro's and FortisBC's compliance with the WECC RMS agreement. The Commission also monitors/investigates the reliability performance of these utilities. If significant outages occur, the Commission reviews the reasons for the outage and the steps taken to correct it.	●
		British Columbia electricity utilities meeting or exceeding the safety and reliability standards and comparing favourably with other electricity utilities.		●

Satisfactory ●
Needs Improvement ◐
Unsatisfactory ○

2003/04 Service Plan			2004/05 Performance	
Strategies and Activities	**Output, Outcome**	**Target or Quality Indicator**	**Results, Implications or Comments**	**Rating**
Monitoring and follow-up of safety-related incidents within the Commission's jurisdiction.	Reports from the utilities on the causes of the incidents and any steps or improvements that can be taken to prevent further incidents.	Reductions in the number and severity of safety-related incidents.	Ongoing. The Commission receives reports and updates on safety related incidents from utilities such as Terasen Gas and FortisBC, and follows up on specific matters as necessary. Example: Terasen Gas' Quesnel distribution system – slope instability monitored with utility reports.	

Satisfactory ●
Needs Improvement ◎
Unsatisfactory ○

GOAL 4: Maintain and Improve Customer Satisfaction with Utility Service [1]

2003/04 Service Plan			2004/05 Performance	
Strategies and Activities	**Output, Outcome**	**Target or Quality Indicator**	**Results, Implications or Comments**	**Rating**
Incorporate incentives in multi-year settlement agreements to encourage utilities to undertake "customer-friendly" operating practices. Monitor and direct utilities to address customer complaints and provide opportunities for customers to express their views.	Provisions of incentives for utilities to improve service levels. Ongoing feedback and communication among customers, the Commission and the utilities related to service quality issues.	Improvements in service quality indicators over time for each utility.	Ongoing. Please see Goal 3. The Commission tracks service quality indicators insofar as they are embedded components in utility PBRs. The Commission continues to direct utilities to address issues arising out of customer complaints.	●
		Customer satisfaction with the Commission's management of their complaints, as evaluated by periodic surveys of complaints (first done in 2000).		●
Encourage development of new services to customers in response to commodity competition and changing customer needs.	New utility programs approved based on demonstrated net consumer benefits. Published guidelines and other consultation documents.	New programs that provide benefits to both customers and the utility at fair and non-discriminatory rates through a fair and efficient process.	The Commission has continued to be successful at supporting the development of new services. Examples: By Order No. G-6-04, the Commission approved for BC Hydro a Net Metering Tariff – Rate Schedule 1289. By Order No. G-37-05, the Commission granted interim approval to BCTC to offer dynamic scheduling as an enhancement to its firm point-to point service.	●

Satisfactory ●
Needs Improvement ◐
Unsatisfactory ○

1 Customer satisfaction with utility service is a composite of several factors, some of which are dealt with specifically under separate categories (e.g., safety and reliability, cost containment, non-discriminatory tariffs). Others discussed here include the operating practices of the utility and the development of new services options for increased customer choice of commodity supplier.

2003/04 Service Plan			2004/05 Performance	
Strategies and Activities	**Output, Outcome**	**Target or Quality Indicator**	**Results, Implications or Comments**	**Rating**
Provide small commercial and residential natural gas customers with the option of buying gas from marketers' and allowing the marketers' gas supply charges to be included on utility bills.	Agent Billing and Collection for Transportation Service Option ("ABC-T") to enable non-utility suppliers to offer options for small customers who wish to buy gas from brokers and marketers. Review of the implications of ABC-T Service for local government revenues collected under franchise agreements from utilities.	Enabling legislation in Spring 2003 to provide Commission authority for appropriate consumer protection followed by establishment of a workable ABC-T program to begin November 2004. Resolution of franchise fee issues with utilities and local governments prior to establishment of ABC-T Service.	Legislative amendments to the UCA, supporting consumer protection aspects of ABC-T, passed in May 2003. As discussed under Goal 1, an ABC-T program (now called the Commercial Commodity Unbundling Program) to provide an unbundled commodity option for Terasen Gas commercial customers was implemented effective November 2004 implementation. Order No. G-90-03 approved a Stable Rate tariff to provide a fixed rate option for Terasen Gas residential customers, to be implemented in January 2005. The structures of the Commercial Commodity Unbundling Program and stable rate tariff have avoided a need for changes related to franchise fees.	●
Work with utilities to develop education programs for customers and market participants about ABC-T options.	Cost-effective education program in place prior to program implementation.	High level of customer understanding of ABC-T options by implementation date.	Terasen Gas developed and implemented a focused education program for the Commercial Commodity Unbundling Program and an education program on its Stable Rate option.	●

Satisfactory ●
Needs Improvement ◐
Unsatisfactory ○

GOAL 5: **Enhance Provincial Competitiveness Through Non-Discriminatory Services**

2003/04 Service Plan			2004/05 Performance	
Strategies and Activities	**Output, Outcome**	**Target or Quality Indicator**	**Results, Implications or Comments**	**Rating**
Undertake periodic rate design reviews to apportion the revenue requirement fairly to different customer classes, while ensuring there is no undue discrimination in the rate structures of the utilities.	B.C. Hydro – Rate Design Application expected in late 2004 or early 2005.	Rates that are fair to each customer group as set out in timely Commission Decisions. BC Hydro Application deferred until late 2005.	n/a	n/a
	ICBC Application for a approval of a financial allocation methodology for allocating costs between the basic and optional lines of automobile insurance and a filing on road safety and collection of data relating to age, sex and marital status	An appropriate allocation of costs between the basic and optional lines of automobile insurance and appropriate use of data collected with respect to age, sex and marital status	A Decision on the ICBC Application and filing was issued on January 15, 2005	●
Review utility tariffs to ensure that they will apply equally to all customers in similar circumstances.	Fair and non-discriminatory tariffs for approved utility programs and services.	Tariffs that provide the same services to different customers at a cost that is fair and non-discriminatory under the circumstances.	Ongoing. Consistent with its mandate, the Commission continues to ensure the provision of non-discriminatory service at fair rates.	●
Monitor and respond to customer complaints that tariffs are not fair or utilities are not following their tariffs.	A resolution to each complaint based on the particular circumstances and following due process.	Decisions from the Commission that provide well-articulated and well-reasoned resolutions to the complaints.	The Commission handled 376 complaints about utility rates, bill estimates, disconnections, and other tariff issues in 2004/05. See also Goal 8. Customer satisfaction with the Commission's management of their complaints as evaluated by periodic surveys of complaints.	●
Restructure the regulation of electricity transmission operators consistent with provincial electricity policies, including fair and non-discriminatory access.	Workshops, hearings, and other processes resulting in transmission rates and access provisions which are fair and non-discriminatory and reflect the restructuring mandated in the Energy Policy. BCTC Open Access Transmission Tariff (OATT)	By 2004, operation of an efficient electricity transmission grid, consistent with provincial policy and the principles of fair and non-discriminatory access. BCTC must have a Transmission Tariff in place by April 1, 2005.	By Order G-25-05, the Commission gave interim approval to a BCTC tariff based on the BC Hydro transmission tariff effective April 1, 2005. A hearing into BCTC's OATT Application for a permanent transmission tariff was held in February and March 2005. A decision is pending.	●

Satisfactory ●
Needs Improvement ◎
Unsatisfactory ○

2003/04 Service Plan			2004/05 Performance	
Strategies and Activities	**Output, Outcome**	**Target or Quality Indicator**	**Results, Implications or Comments**	**Rating**
Monitor formation of a regional transmission organization ("Grid West") for western Canada and the United States.	Review and monitor Grid West and transmission entities' activities regarding performance, reliability, efficiency and ratepayer impact of transmission.	A B.C. transmission grid that maintains the benefits of an integrated regional electricity transmission market.	Ongoing, but no significant events in the last reporting period. The Commission continues to play an important role in managing regional transmission issues.	

Satisfactory ●
Needs improvement ◎
Unsatisfactory ○

GOAL 6: **Enhance Provincial Competitiveness Through the Containment of Cost of Service Increases**

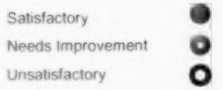
2003/04 Service Plan			2004/05 Performance	
Strategies and Activities	**Output, Outcome**	**Target or Quality Indicator**	**Results, Implications or Comments**	**Rating**
Revenue requirements reviews. Review utilities' costs to ensure that expenditures are required and reasonable for the activity. This may be done through a public hearing, a negotiated settlement leading to a multi-year incentive agreement with annual reviews, or both.	Commission approval, through a settlement agreement or a Commission Decision, of costs to be included in the utilities' rates. For example: Terasen Gas (formerly BC Gas) - 2003 Revenue Requirements and 2004 -2008 Multi-year PBR Pacific Northern Gas - 2005 Revenue Requirements Application and an Application to convert to an Income Trust Structure B.C. Hydro – 2004/05 and 2005/06 Revenue Requirements FortisBC's 2005 Revenue Requirements	Timely, clear and well reasoned Commission Decisions (that, if appealed, are upheld by the Courts).	*[For summaries of individual Orders or Decisions, please refer to the "Decisions, Reasons for Decisions, and Negotiated Settlements" section of this Annual Report and the Order and Letter summary listings at the back of the Annual Report.]* TGI Multi-Year Revenue Requirements PBR settled through negotiated settlement and approved by Order G-51-03. Income Trust Application to be reviewed in an oral public hearing in May 2005. Revenue Requirements Application will be reviewed following the Income Trust review. BC Hydro's 2004/05 and 2005/06 Revenue Requirements Application was reviewed in an oral public hearing in May and June 2004 and a Decision issued on October 29, 2004. FortisBC's 2005 Revenue Requirements Application was reviewed in an oral public hearing in March 2005. Decision issued May 31, 2005.	●

Satisfactory ●
Needs Improvement ◐
Unsatisfactory ○

2003/04 Service Plan			2004/05 Performance	
Strategies and Activities	**Output, Outcome**	**Target or Quality Indicator**	**Results, Implications or Comments**	**Rating**
Review of utility major capital projects to ensure that major capital projects are necessary, least-cost and the best alternative. The Commission reviews utility capital projects through applications for Certificates of Public Convenience and Necessity, while providing for an appropriate level of public input, or a combination of hearings and settlement processes.	Established processes to review anticipated applications including: B.C. Hydro –March 2003 application to construct the Vancouver Island Generation Project and November 2004 application for approval of an Energy Purchase Agreement (EPA). BCTC October 2004 CPCN application for its System Control and Modernization Project (SCMP) to replace and upgrade the system which controls BC Hydro's Transmission and Distribution Network. Terasen Gas Vancouver Island (TGVI) August 2004 application for a CPCN to construct and operate a new Liquefied Natural Gas (LNG) Storage Facility on Vancouver Island.	Timely, clear and well-reasoned Commission Decisions either approving the project (perhaps with conditions) or denying it. If appealed, a Court Decision upholding the Commission's Decision.	Target and Quality Indicators attained. In March 2004 Vancouver Island Energy Corporation applied for a CPCN for the Vancouver Island Generation Project. In September 2003, after an extensive oral public hearing, the Commission denied VIEC and encouraged BC Hydro to undertake a Call for Tender (CFT) for alternative power sources. BC Hydro issued a CFT and in November 2004 applied for approval of an EPA. The EPA was reviewed in an oral public hearing in January 2005 and was approved by the Commission in February 2005. Leave to appeal the Commission's Decision is currently being sought by some parties. The $133 Million SCMP project consists of the construction of two new control centres, the replacement of the Energy Management System, and telecommunication upgrades. The CPCN was granted in February 2005. TGVI's application was reviewed in an oral public hearing in November 2004 and a decision granting the CPCN, subject to certain conditions, was issued in February 2005. Reviewed and approved several Aquila CPCN applications for smaller capital projects. *[Please refer to the "Decisions, Reasons for Decisions, and Negotiated Settlements" and the "Orders and Letters" sections of this Annual Report for a summary of all CPCN's reviewed and approved in the last service period. Documents are also posted to the Commission's web site.]*	●

Satisfactory ●
Needs Improvement ◐
Unsatisfactory ○

2003/04 Service Plan			2004/05 Performance	
Strategies and Activities	**Output, Outcome**	**Target or Quality Indicator**	**Results, Implications or Comments**	**Rating**
Review utilities' energy supply contracts, price risk management plans and/or electricity purchase plans and reports on the results of hedging activities and gas cost variance account balances. Develop incentives for the utility to create savings for ratepayers through exceptional commodity management.	Feedback to the utility with Commission concerns or recommendations on commodity supply contracting and hedging activities.	Natural gas and electricity provided to ratepayers at the lowest expected long-term cost consistent with reliable supply and limited exposure to price volatility.	Ongoing. Under the Act, utilities must file energy supply contracts with the Commission, which is to determine if such contracts are in the public interest. The Commission continues to review annual gas supply contacting and hedging plans to ensure that utilities purchase reliable supplies of natural gas at the lowest overall cost. The Commission also reviews electricity purchase agreements to ensure prudent purchases of electricity. Terasen Gas' Gas Supply Mitigation Incentive Program provides a results-based incentive for the utility to maximize revenue from the resale of surplus gas and transmission capacity that offsets the costs of gas purchases.	



GOAL 7: To Continue to Control the Cost of Regulation

2003/04 Service Plan			2004/05 Performance	
Strategies and Activities	**Output, Outcome**	**Target or Quality Indicator**	**Results, Implications or Comments**	**Rating**
Ongoing review of Commission activities to determine if they are necessary and, if so, the most efficient and cost-effective method for achieving the desired outcome.	Annual Performance Indicators on staff levels, decisions issued, hearing days, Alternative Dispute Resolution days, Commission expenditures, Commission costs per customer and Commission costs per gigajoule of energy sold.	Maintain Commission budgets and expenditures at levels similar to those of the mid and late 1990's, adjusted for inflation and new activities, as measured by Commission costs per utility customer and costs per unit of energy sold.	Ongoing Please see relevant sections of this 2003/04 Report and the 2004/05 Service Plan for a detailed summary.	●
		Maintain favourable benchmarking of BCUC staffing and budget statistics against those of comparable tribunals.	The Commission performs well in benchmarking statistics compared to other tribunals.	●
Recommend amendments to Utilities Commission Act and regulations to reduce and clarify the regulatory burden.	Identification and recommendations for rescinding outdated regulations.	Reduce number of regulations or regulatory requirements by up to one-third by 2004/05.	347 regulatory requirements have been rescinded by the time of filing of the 2003/04 Annual Service Plan report, leaving six regulatory requirements to be rescinded by July 2004. In February 2004, the Commission identified that of the 52 regulatory requirements in its "Retail Markets Downstream of the Utility Meter Guidelines" only 13 would be mandatory requirements for a reduction of 39 regulatory requirements. Also in June 2004, the Commission rescinded Order No. G-84-92 eliminating six additional regulatory requirements, thereby meeting the target of an overall reduction of one-third.	●
Provide assistance to other jurisdictions on a contract basis when possible to reduce costs to B.C. ratepayers.	BCUC workloads permitting, staff provides assistance to Yukon Utilities Board and Saskatchewan Rate Review Panel.	Positive revenue from services to offset BCUC costs and enhances reputation and knowledge of Commission.	Staff continue to provide expert review and support to these two jurisdictions on a cost recovery basis when workloads permit	●
Promote regulatory convergence and cooperation.	Participate in provincial, national, and North American initiatives to share information, develop common regulatory principles, harmonize practices where appropriate, reduce duplication, and adopt best practices.	Improved regulatory methods and processes and harmonization of regulation with other agencies to reduce the cost of regulation to utilities and others.	Staff and Commissioner participation and speaking engagements: for instance, 2004 CAMPUT conference, NARUC and other workshops/conferences, Transmission Planning Advisory Committee.	●

● Satisfactory
◐ Needs Improvement
○ Unsatisfactory

2003/04 Service Plan			2004/05 Performance	
Strategies and Activities	**Output, Outcome**	**Target or Quality Indicator**	**Results, Implications or Comments**	**Rating**
Implement periodic reviews or public proceedings to review Commission practices, procedures, programs and generic decisions.	Publication of Commission Decisions or Guidelines on multi-utility or recurring issues.	Develop baseline statistics on number of issues resolved by Negotiated Settlement procedures, number of utilities regulated under performance-based regulation and light-handed (complaint) regulation.	Ongoing. Following a Stakeholder Meeting in December 2003 the Commission issued Document Filing Protocols to the Utilities and Intervenors.	●
Develop a formal salary structure to ensure positions are paid appropriately relative to each other and the market, and implement a new performance management system.	Acceptance of consultant's report and recommendations on revised job-descriptions and compensation levels based on market data from comparative organizations by early 2003.	By Spring 2003, approval from PSEC for a new salary structure and salary administration program for all positions at the BCUC.	Complete. A new performance management system and a new compensation framework for all staff was implemented March 30, 2003. Refinements to the performance management system are ongoing.	●
Develop an implementation plan to transfer the assets of the BCUC's computer systems to the Ministry of Management Services, Common Information Technology Services ("CITS") Division and contract for information technology ("IT") systems and systems support.	IT systems and systems support to be provided by CITS by end of 2003/early 2004. Desktop upgrades to take place at the time of asset transfer to conform with Government computer standards.	Current staff responsibilities for systems and systems support phased-out by early 2004.	Complete. Transfer of computer systems commenced August 2003. IT systems and systems support by CITS commenced September 1, 2003. Some responsibilities for systems support (i.e., liaison between CITS Technical and BCUC staff; emergency contact; web site development and maintenance) remained with the Information Services Group.	●

Satisfactory ●
Needs Improvement ◉
Unsatisfactory ○

GOAL 8: To Improve Communications About, and Ratepayers' Satisfaction with, BCUC Regulatory Matters

2003/04 Service Plan			2004/05 Performance	
Strategies and Activities	**Output, Outcome**	**Target or Quality Indicator**	**Results, Implications or Comments**	**Rating**
Strive to issue the clearest possible written decisions and judgments, to enable all stakeholders to understand the Commission's reasoning in resolving detailed and complex issues.	Clear, readable and plainly written Decisions and Orders.	Positive feedback from utility personnel and customers. Minimal numbers of applications for reconsideration of Commission Decisions. Minimal appeals to Court of Appeal, and for those appealed, judgments that support the Commission.	Ongoing. The Commission continues to receive positive feedback on the high standards that it attains in regard to the timeliness and clarity of its Decisions. A number of reconsideration applications were received by the Commission Panel regarding the procedures during the review of the BC Hydro November 2004 Electricity Purchase Agreement (EPA) Application. In 2005 certain parties applied for Leave to Appeal the Commission Decision related to the BC Hydro Energy Purchase Agreement Application. Please refer to the "Decisions, Reasons for Decisions, and Negotiated Settlements" section of this Annual Report for a summary of Reconsiderations filed in the 2003/04 Service Plan period.	●
Continue to seek ways to respond to customer complaints and rule on complaints fairly and efficiently, while balancing the needs of the complainant, other customers and the utility.	"Complaints Management Review" report to be considered by the Commission in early 2003. Updated consumer's pamphlet on complaint procedure in 2003.	Improved satisfaction levels, in future stakeholder assessments, by complainants with the complaint process.	Publication of pamphlets that advise the public of the services that the BCUC provides. Completed update of consumer's pamphlet.	●
Continue to periodically assess the level of public confidence in the regulatory process from representative stakeholders.	Periodic Stakeholders Assessment Reports, including stakeholder satisfaction ratings, to compare with baseline ratings.	Maintain and improve satisfaction ratings with the BCUC by utilities, intervenors and complainants.	Ongoing. Stakeholder assessments completed in late 2000 and early 2002.	n/a

Satisfactory ●
Needs Improvement ◐
Unsatisfactory ○

2003/04 Service Plan			2004/05 Performance	
Strategies and Activities	**Output, Outcome**	**Target or Quality Indicator**	**Results, Implications or Comments**	**Rating**
Improved information with which to assess internal processes and efficiency of internal document processing.	Document Logging and Tracking: computer-based logging, tracking and assignment system implemented since November 2001.	Develop baseline statistics and reduce response times for routine applications, queries and complaints over the next three years.	Ongoing. Please refer also to Goal 7. Improved response times continue. Please refer to the Cycle Times section of this Report for a graphical representation of Application processing times.	●

Satisfactory ●
Needs Improvement ◎
Unsatisfactory ○

Comparisons with Other Jurisdictions

The BCUC has been operating at costs and staffing levels that are significantly lower than comparable tribunals (Table 1 following). When compiling the statistics, the Commission contacts the other tribunals to ensure that the statistics only include the portion of their budgets devoted to energy regulation. The Commission aims to update these benchmark statistics periodically, if not every year, as necessary and appropriate.

Table 1 – Benchmark comparison to Other Jurisdictions (2005)

	Members	Staff	Budget	Per Capita Cost of Regulation[1]
B.C. Utilities Commission	3 full-time Commissioners including Chair 6 Temporary Commissioners	22	$4.7 million, fully cost recovered	$ 1.11/year (includes regulation of utilities and auto insurance)
Ontario Energy Board	8 full-time Commissioners, including Chair and 1 Vice Chairs 2 part-time Commissioners	*Not available*	$31.2 million fully cost recovered	$2.52/year
Quebec Régie de l'énergie	9 full-time Commissioners, including Chair and one vice chair 0 part-time Commissioners	22 staff (excluding administrative services) and 7 board counsel	$8.0 million (excl portion for monitoring of petroleum activities) fully cost recovered	$1.06/year
Newfoundland Board of Commissioners of Public Utilities	2 full-time Commissioners, including Chair and Vice Chair 6 part-time Commissioners	16	$1.2 million (utilities), $0.5 million (auto insurance) fully cost recovered	$3.29/year (for both utilities and auto insurance regulation)
Alberta Energy and Utilities Board	9 full-time Members, including Chair	50 "utilities" staff 768 "oil and gas" staff	$130.4 million (total) $8.2 million (utilities) 78% % cost recovered, 22% funded by government	$2.56/year

[1] The annual budget or the most comparable portion of the budget divided by the most recent population estimate for the province (2004) or state (2003).

Table 1 – Benchmark comparison to Other Jurisdictions (2005)

	Members	Staff	Budget	Per Capita Cost of Regulation[1]
National Energy Board	8 full-time Members, including Chair and 1 Vice Chair 1 part-time Members	299	$35.5 million 90% cost recovered 10% funded by government	not comparable
New Brunswick Board of Commissioners of Public Utilities	1 full-time Commissioner (Chair) 1 Temporary Commissioner (Vice-Chair)	14	$3.4 million, fully cost recovered; 99.5% energy utilities, 0.5% motor carrier	$ 4.50/year
Washington State Utilities and Transportation Commission	3 full-time Commissioners, including Chair 0 Temporary Commissioners	164 total; 45 energy utilities	$16.5 million, 27.6% ($4.6 million) energy utilities funded on a cost-recovery basis	$0.74/year
Nova Scotia Utility and Review Board	6 full-time Commissioner (including Chair and Vice-Chair) 1 Temporary Commissioner	38 total; 7 energy utilities	$4.7 million, 1.4 million energy and water utilities	$ 1.47/year

Financial Report

Commission Recovery and Expenditure Summary

Authority for Cost Recovery

Beginning in 1988, the Commission was authorized to recover its costs from regulated utilities and pipeline companies by fixing levies according to Section 125 of the UCA and parameters set out in the Levy Regulation (BC Reg. 283/88). The Commission recovers most of its costs from a "per gigajoule" levy assessed on each utility, based on the amount of energy it sold in the previous calendar year. The Commission also bills utilities for its public hearing costs that are attributed directly to those utilities. Direct recoveries have varied significantly from year to year, depending on the number and duration of regulatory hearings and inquiries. Minor revenues are also collected from intraprovincial petroleum pipeline companies and from other utility regulatory agencies that contract with the Commission for advice and assistance.

Levy 2004/05

The Commission's fiscal year runs from April 1 to March 31. The voted expenditure for the 2004/05 fiscal year was $4,677,000. Of this, $200,000 was forecasted to be recovered directly from utilities for Commission expenditures attributable to their public hearings and other proceedings under the Act. The Commission's recovery from the regulation of ICBC was $401,560 and from intra-provincial oil pipeline companies and upstream gas producers was $11,000. This left a net annual budget of $3,873,485 to be recovered from the levy, as identified in the formula below.

$$\frac{\text{Total Budgeted Expenditures minus estimated Direct and ICBC Recoveries (\$)}}{\text{Total Utility Energy Volumes sold in previous calendar year (GJ)}} = \frac{\$3,873,485}{434,075,200\ \text{GJ}} = \$0.0089235339/\text{GJ}$$

The Commission's costs were therefore expected to be recovered from a levy of $$0.0089235339/GJ for the fiscal year beginning April 1, 2004, payable by utilities in four quarterly installments.

Levy Billing Adjustments

Lower than forecasted Commission expenditures in the 2003/04 fiscal year resulted in a year-end credit from 2003/04 levy payments received of $191,955. This amount was credited to the utilities' quarterly billings in 2004/05. The Commission had a March 31, 2005 end of year surplus of $771,240.88. This amount will be credited back to the utilities in each quarterly billing of Commission costs for 2005/06. The Commission's regulatory proceeding costs are expected to be close to the approved budget limit requiring a full recovery from utilities.

2004/05 Revenues and Expenses

Levy billed and Recoveries received in 2003/04	$4,852,899.29	
Add: Deferred Revenue from 2003/04 Levy	185,141.00	
Total Recoveries (see below)		$5,038,040.29
Less: Expenditures (see below)		(4,266,799.41)
Revenue deferred to 2005/06		$771,240.88

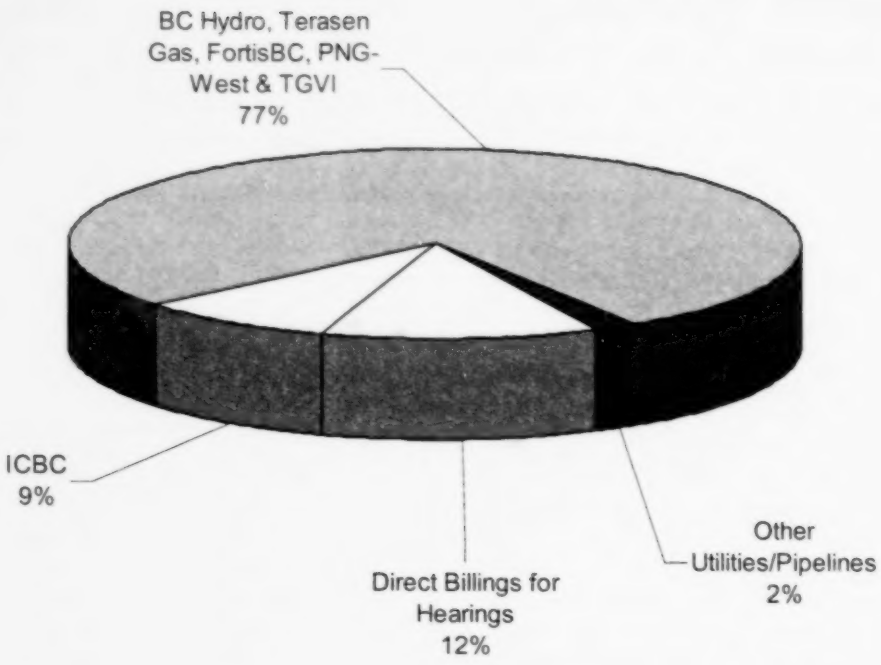
The levy amounts recovered from utilities and other revenue sources for the 2004/05 fiscal year are as follows:

Commission Revenues Recovered Through the Levy (Order No. G-57-04)	**Amounts Recovered 2004/05 Fiscal Year (Actual)**
British Columbia Hydro and Power Authority	$1,552,968.84
Central Heat Distribution Limited	10,787.68
Corporation of the City of Nelson	1,724.03
FortisBC Inc. (formerly Aquila Networks Canada (British Columbia) Ltd.)	61,968.60
Hemlock Valley Electrical Services Limited	0.00
Insurance Corporation of British Columbia	401,560.00
Pacific Northern Gas Ltd.	328,787.60
Pacific Northern Gas (N.E.) Ltd.	
~ Dawson Creek and Fort St. John	41,610.44
~ Tumbler Ridge	6,416.04
Port Alice Gas Inc.	142.76
Princeton Light and Power Company, Limited	2,111.31
Big White Gas Utility (formerly R334 Enterprises Ltd.)	205.24
Silversmith Power & Light Corporation	0.00
Stargas Utilities Ltd.	258.78
Sun Peaks Utilities Co., Ltd.	651.42
Terasen Gas Inc.	
~ Lower Mainland Division	1,031,953.16
~ Inland Division	472,590.36
~ Columbia Division	54,763.72
~ Fort Nelson Division	8,530.88
Terasen Gas (Vancouver Island) Inc.	288,587.08
Terasen Gas (Squamish) Inc.	2,935.84
Terasen Gas (Whistler) Inc.	6,219.72
Terasen Multi-Utility Services Inc.	
~ Sun Rivers	57.12
~ Panorama (formerly Toby Creek Utilities)	133.84
The Yukon Electrical Company Limited	23.20
	4,274,987.66

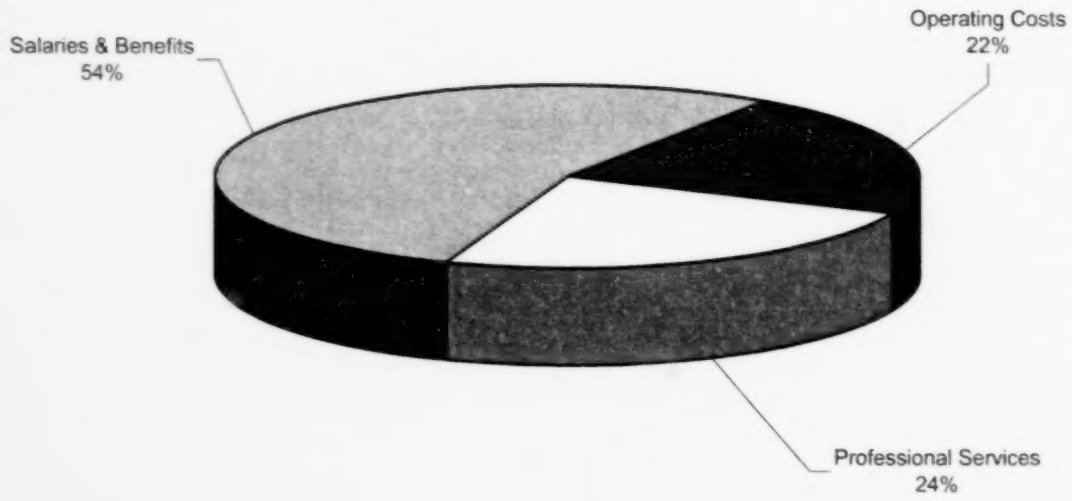
Natural Gas Marketer Licence		
Columbia Energy	$1,000.00	
Nexen Marketing	1,000.00	
Direct Energy	1,000.00	
Energy Savings (B.C.) Limited	1,000.00	
		4,000.00
Recoveries from Intra-Provincial Oil Pipeline and Other Companies		
Duke Energy Field Services Canada Ltd.	1,000.00	
KeySpan	1,000.00	
EnerMark Inc. (formerly Newcal Energy Inc.)	1,000.00	
Plateau Pipe Line Ltd.	4,000.00	
Terasen Pipelines (Jet Fuel) Inc.	1,000.00	
Keyera Energy	1,000.00	
Pembina West	1,000.00	
Jedney I, Jedney II, Jedney III	1,000.00	
		11,000.00
Miscellaneous Revenues		
Commission Contracts with:		
~ Yukon Utilities Board	733.33	
~ Saskatchewan Rate Review Panel	480.00	
Recovery of Proceeding Costs from Utilities	561,348.30	
Recovery of Room Rental and Photocopying Costs	350.00	
Deferred Revenue from 2003/04 (credited to utilities' quarterly billings in 2004/05)	185,141.00	
		748,052.63
TOTAL REVENUES		**$5,038,040.29**

Commission Expenditures per Expense Category	Expenditures 2004/05 Fiscal Year (Actual)
Salaries and Benefits	$2,297,093.65
Operating Costs	940,510.49
Participant Funding	0.00
Professional Services	1,029,195.27
TOTAL EXPENDITURES	$4,266,799.41

REVENUES



EXPENDITURES



Corporate Governance

The Utilities Commission Act provides for a Chair, one or more Deputy Chairs, up to seven Commissioners [including the Chair and Deputy Chair(s)], and temporary Commissioners. As of March 31, 2004, there are seven temporary Commissioners, two full-time Commissioners and the Chair.

Following are brief biographies for Commissioners and temporary Commissioners serving in the 2004/05 fiscal year:

Robert H. Hobbs, Chair and Chief Executive Officer

Brandon University, 1979 (B.Sc. Mathematics); University of Manitoba, 1982 (LL.B); University of Western Ontario, 1987 (M.B.A.); 1989 - 2001 Aquila Networks Canada (British Columbia) Ltd., last position held Vice President, Regulatory and Legislative Services; Member of the Law Society of British Columbia (inactive); appointed full-time Commissioner March 2003; appointed Chair and Chief Executive Officer August 2003.

Lori Ann Boychuk, Commissioner

University of Western Ontario (L.L.B.); Senior Legal Counsel, National Energy Board (1992-94 and 1997-2003); Legal Assistant to the Chief Justice, Court of Queen's Bench of Alberta (1995-97); Clerk to the Chief Justice, Federal Court of Canada, Trial Division (1990-1992); articled with McCarthy Tétrault (Alberta) and Fraser, Milner (Ontario); and, prior to legal/energy career, Personnel/Human Resources and Communications positions in the Federal Government of Canada (1980-1986); appointed August 2003.

Leonard F. Kelsey, Commissioner

Vice President British Columbia Automobile Association (18 years); Chief Operating Officer, BCAA Insurance Corporation, retired 2002; past Member B.C. Committee, Insurance Bureau of Canada; Public Administrator and past Chair, North Shore Health Region; independent Business Consultant; appointed September 2003.

Kenneth L. Hall, Temporary Commissioner

University of Saskatchewan (B.E.), Professional Engineer, Trans Mountain Pipe Line Company (30 years) retired 1983 as President, C.E.O. and Chairman of the Board; Honorary Life Member Canadian Petroleum Association; appointed December 1989; Retired January 31, 2005.

Paul G. Bradley, Temporary Commissioner

Cornell University, 1956 (B. Chemical Engineering); Massachusetts Institute of Technology, 1966 (Ph.D. Economics); Postdoctoral Fellow, Sloan School of Management, MIT (1969-70); Visiting Scholar, Centre for Energy Policy Research, MIT (1978-79); Director, Mineral Revenues Inquiry, State of Western Australia (1984-86); Resident Consultant, Dept. of Energy, Mines & Resources, Ottawa (1987); Professor Emeritus, University of British Columbia (1965-96); appointed September 1992.

Nadine F. Nicholls, Temporary Commissioner

University of British Columbia, 1976 (B.Sc. Mathematics); University of British Columbia, 1982 (M.Sc.); rates economist, British Columbia Hydro and Power Authority (1980-83); electricity utilities advisor, Government of the Northwest Territories (1990-92); energy policy consultant in the Northwest Territories (1993-98); appointed March 2000.

Murray P. Birch, Temporary Commissioner

University of Calgary, 1975-77 (B.Sc., M.Sc.); University of British Columbia, 1979 (M.B.A.); Vice-President and Treasurer, Westcoast Energy Inc. (1988-90); President, Westcoast Power Inc. (1990-95); President, Westcoast Energy Australia (1995-1999); President, Westcoast Capital Corporation (1990-2001); Senior Vice-President, Duke Energy Inc. (2002-03); Company Director of various energy companies (2001-03); appointed August 2003; Resigned March 2005.

Robert J. (Bob) Milbourne, Temporary Commissioner

University of British Columbia (BASc. Metallurgical Engineering); P.Eng. (B.C., Ontario); Stelco Inc., retired as Senior Executive and Member of the Board of Directors 1996; Principal, Milbourne and Company (Business Advisors) 1997; Hatch Associates Ltd., Director 1997-2002; Bruce Power Inc., Director 2001); Member Ontario Human Rights Commission 1991-1996); Member, B.C. Securities Commission 2002; appointed August 2003.

Peter E. Vivian, Temporary Commissioner

University of Toronto, 1965 (Bachelor of Applied Science – Electronics); University of Western Ontario (Bachelor of Law); Flight Lieutenant, RCAF; Professor of Law at the universities of Western Ontario, Ottawa and Victoria; General Manager, Canadian Law Information Council (1975-77); various positions with the BCE Inc. group of companies (1977-97); Vice President and Chief of Staff, The Business Council on National Issues (now the Council of Canadian Chief Executives) (1982-84, 1989-90); Executive Director, Telecommunications, CRTC (1998-2000); Principal, Vivian Associations, Consultants to Management (2000-present); appointed August 2003.

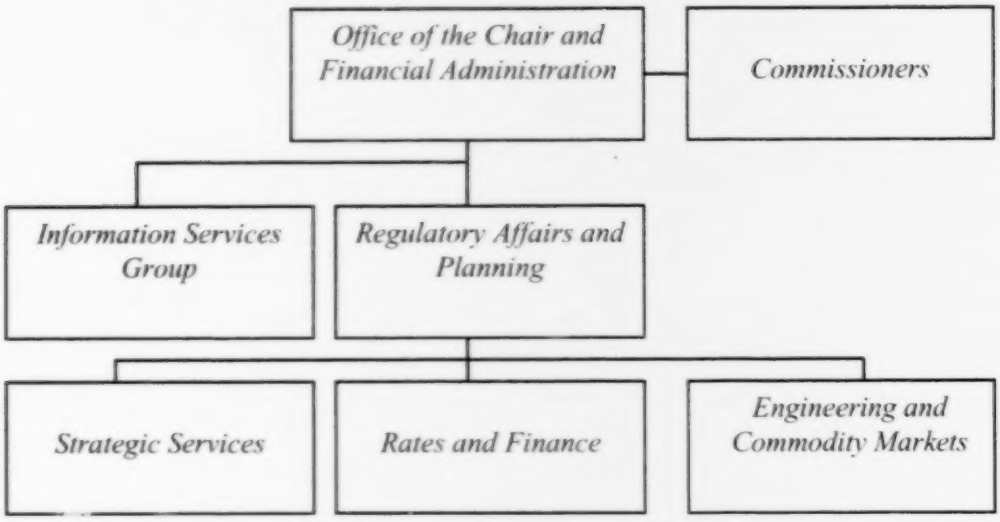
Liisa A. O'Hara, Temporary Commissioner

University of British Columbia, 1976 (M.Sc., Business Administration), Certified General Accountant, 1984, Senior pipeline executive (21 years), retired from Terasen Pipelines in 2004 as Vice President, Financial Services and Regulatory Affairs; prior to the career in energy, Manager Financial Analysis and Regulatory Affairs with CP Air (8 years). Currently serves as Executive-In-Residence at Sauder School of Business, UBC; appointed in January 2005.

Robert W. Whitehead, Temporary Commissioner

Western Ontario Institute of Technology, 1965 [Chemical Technology]; Wayne State University, Detroit, Mich., 1978 [B. Chemistry], Vice president Operations, Corby Distilleries Ltd, Montreal, PQ, [1985-88] [, Vice President and Plant Manager, Allied Domecq, Kelowna, BC, [1988-95], Managing Director Canadian Lakes Distillers [1992-96], President Group One Enterprises Ltd. Served on Board of Directors of Aquila Networks [1997-2003], appointed February, 2005.

The organization chart below shows the reporting structure within the Commission.



The Chair has the responsibility for managing human resources, performance management, and compensation issues.

The Commission staff is divided into three groups:

- **Information Services Group**

Consists of the Commission Secretary, the Assistant Commission Secretary, and the Information Services Group. The Commission Secretary acts as the official contact for both regulated utilities and the public. The department responds to all information requests (including Freedom of Information requests), prepares Annual Reports and quarterly Regulatory Updates, provides research support, web site services, media interaction, maintains Application Exhibit Binders, the Commission's database of mailing lists, and library services. It also deals with utility customer complaints and operates and maintains the Commission's information resources.

- **Regulatory Affairs and Planning**

Consists of professional staff with expertise and experience in the areas of accounting, economics, ratemaking, and engineering. The regulatory affairs and planning functions of the Commission include the review of financial, accounting, social and economic aspects of energy utility activities and of the provision of Basic automobile insurance by ICBC. The regulatory affairs staff also review energy supply and demand, including conservation impacts, and the safety aspects of energy production, transmission, and distribution. In

considering a matter under review by the Commission, staff have a responsibility to develop a full record of evidence. This often requires that staff be technical advisors to the Commission, and also provide external expert witnesses to testify at hearings.

- **Office of the Chair and Financial Administration**

Conducts background research and prepares decision support for management policies and decisions in areas such as personnel and financial management, budget preparation, internal policies, external relations with government, other agencies, utilities and the public. Also provides a range of administrative, financial and human resource services to the Commissioners and staff.

Following is a list of the Commission staff as of March 2005, their positions, and departments.

OFFICE OF THE CHAIR AND FINANCIAL ADMINISTRATION

Marilyn E. Donn	_____	Assistant to the Chair and Manager, Financial Administration
Lisa D. Morris	_____	Financial Assistant/Administrative Clerk

COMMISSION SECRETARY'S OFFICE AND INFORMATION SERVICES GROUP

Robert J. Pellatt	_____	Commission Secretary
Constance M. Smith	_____	Assistant Commission Secretary
Alison H. Cormack	_____	Information Services Officer
Debra L. Frank	_____	Administrative Clerk
Yvonne M. Lapierre	_____	Administrative Clerk
Cecilia H. MacDonald	_____	Administrative Clerk/Web Administrator
Aimee V. Putman	_____	Administrative Clerk/Receptionist

REGULATORY AFFAIRS AND PLANNING

William J. Grant	_____	Executive Director
Rose A. Tomen	_____	Administrative Clerk

STRATEGIC SERVICES

James W. Fraser	_____	Manager
Eileen Cheng	_____	Senior Economist
Rob B. Gorter	_____	Senior Economist

Rates and Finance

Philip W. Nakoneshny	_____	Manager
Werner J. Krampl	_____	Senior Financial Analyst
Fong Y. Kwok	_____	Financial Analyst
Doug Chong	_____	Financial Analyst
Susanne Sue	_____	Financial Analyst

Engineering and Commodity Markets

J. Brian Williston	_____	Manager
Robert W. Rerie	_____	Senior Electrical Engineer
Robert N. Brownell	_____	Senior Commodities Analyst

Supplementary Information

Regulated Utilities

CROWN-OWNED ELECTRIC UTILITIES	SERVICE AREA
British Columbia Hydro and Power Authority 333 Dunsmuir Street Vancouver, BC V6B 5R3 Email Contact: regulatory.group@bchydro.com	Lower Mainland, Vancouver Island, Central and Northern BC and East Kootenay Regions
British Columbia Transmission Corporation Suite 1100, Four Bentall Centre 1055 Dunsmuir Street PO Box 49260 Vancouver, BC V7X 1V5 Email Contact: armi.dedick@bctc.com	BC Transmission and Integrated Grid System

INVESTOR-OWNED ELECTRIC UTILITIES	SERVICE AREA
Hemlock Valley Electrical Services Limited 20955 Hemlock Valley Road Agassiz, BC V0M 1A1 Email Contact: hvrsales@uniserve.com	Hemlock Valley
Princeton Light and Power Company, Limited Box 700 Princeton, BC V0X 1W0 Email Contact: johnh@plpower.com	Princeton, Osprey Lake and Missezula Lake Areas
Silversmith Power & Light Corporation Box 369 New Denver, BC V0G 1S0 Facsimile Contact: (250) 358-2245	Sandon, BC
Terasen Multi-Utility Services Inc. (formerly Sun Rivers Services Corp.) #1002 - 1708 Dolphin Avenue Kelowna, BC V1Y 9S4 Email: regulatory.affairs@terasengas.com	Lot 152, CLSR Plan 78619 Kamloops IR No. 1
FortisBC Inc. (formerly Aquila Networks Canada (British Columbia) Ltd. P.O. Box 130 Trail, BC V1R 4L4 Email Contact: george.isherwood@fortisbc.com	West Kootenay and Okanagan Regions of BC

INVESTOR-OWNED ELECTRIC UTILITIES *(CONTINUED)*	SERVICE AREA
The Yukon Electrical Company Limited Box 4190 Whitehorse, Yukon Territory Y1A 3T4 Facsimile Contact: (867) 668-3965	Lower Post

INVESTOR-OWNED NATURAL GAS OR PROPANE UTILITIES	SERVICE AREA
Big White Gas Utility P.O. Box 2039, Station "R" Kelowna, BC V1X 4K5 Email Contact: mvalcourt@bigwhite.com	Big White ski area
Cal-Gas Inc. 4255 - 64th Avenue S.E. Calgary, Alberta T2C 2C8 Facsimile Contact: (403) 279-9098	Canyon Ridge and Sonoma Pines
Pacific Northern Gas Ltd. 950 - 1185 West Georgia Street Vancouver, BC V6E 4E6 Email Contact: info@png.ca	Summit Lake to Prince Rupert and Kitimat
Pacific Northern Gas (N.E.) Ltd. 950 - 1185 West Georgia Street Vancouver, BC V6E 4E6 mail Contact: info@png.ca	Dawson Creek, Rolla, Pouce Coupe, Tumbler Ridge, Fort St. John
Pacific Northern Gas Ltd. 950 - 1185 West Georgia Street Vancouver, BC V6E 4E6 Email Contact: info@png.ca	Granisle (Propane Grid System)
Port Alice Gas Inc. #101 - 4381 Dawson Street Burnaby, BC V5C 4B4 Email: haywoodenergy@hotmail.com	Port Alice (Propane Grid System)
Stargas Utilities Ltd. P.O. Box 3002 Silver Star Mountain, BC V1B 3M1 Email Contact: stargas@shaw.ca	Silver Star resort community

INVESTOR-OWNED NATURAL GAS OR PROPANE UTILITIES *(CONTINUED)*	SERVICE AREA
Sun Peaks Utilities Co., Ltd. 1280 Alpine Road Sun Peaks, BC V0E 1Z1 Email Contact: utilities@sunpeaksresort.com	Resort area north of Kamloops
Terasen Gas Inc. (formerly BC Gas Utility Ltd.) 1111 West Georgia Street Vancouver, BC V6E 4M4 Email: regulatory.affairs@terasengas.com	Lower Mainland, Fort Nelson, Central and Northern Interior, the Kootenays and the Okanagan
Terasen Gas (Vancouver Island) Inc. (formerly Centra Gas British Columbia Inc.) 1675 Douglas Street, P.O. Box 3777 Victoria, BC V8W 3V3 Email: regulatory.affairs@terasengas.com	Sunshine Coast, Powell River, and Vancouver Island north to Campbell River, west to Port Alberni, and south to Victoria
Terasen Gas (Whistler) Inc. (formerly Centra Gas Whistler Inc.) 1675 Douglas Street, P.O. Box 3777 Victoria, BC V8W 3V3 Email: regulatory.affairs@terasengas.com	Whistler (Propane Grid System)
Terasen Gas (Squamish) Inc. (formerly Squamish Gas Co. Ltd.) 1111 West Georgia Street Vancouver, BC V6E 4M4 Email: regulatory.affairs@terasengas.com	Squamish (Natural Gas)
Terasen Multi-Utility Services Inc. #1002 - 1708 Dolphin Avenue Kelowna, BC V1Y 9S4 Email: regulatory.affairs@terasengas.com	Lot 152, CLSR Plan 78619 Kamloops IR No. 1, Panorama and Sonoma Pines

INVESTOR-OWNED STEAM HEAT UTILITY	SERVICE AREA
Central Heat Distribution Limited 720 Beatty Street Vancouver, BC V6B 2M1 Email Contact: CHDL@telus.net	Downtown Vancouver

Regulated Company	Service Area
Compulsory Automobile Insurance	
Insurance Corporation of British Columbia Suite 517 - 151 West Esplanade North Vancouver, B.C. V7M 3H Email Contact: regaffairs@icbc.com	Province of British Columbia
Municipally-Owned Electric Utilities	**Service Area**
City of Grand Forks Box 220 Grand Forks, BC V0H 1H0	Grand Forks
City of Kelowna 1435 Water Street Kelowna, BC V1Y 1J4	Kelowna
City of Nelson (also known as Nelson Hydro) 502 Vernon Street Nelson, BC V1L 4E8	Nelson (urban and rural areas)
City of New Westminster 511 Royal Avenue New Westminster, BC V3L 1H9	New Westminster
City of Penticton 616 Okanagan Avenue East Penticton, BC V2A 3K6	Penticton
District of Summerland Box 159 Summerland, BC V0H 1Z0	Summerland

Municipally-owned electric utilities are not regulated under the Utilities Commission Act. Only the City of Nelson's electric utility with service outside of the Municipal boundaries is subject to regulation by the British Columbia Utilities Commission.

Domestic Electricity Sales - 2004

	Customers #	Revenue ($000)	Sales (GW.h)
CROWN-OWNED ELECTRIC UTILITY			
British Columbia Hydro and Power Authority	1,668,680	2,533,885	49,168.20
MUNICIPALLY-OWNED ELECTRIC UTILITIES			
City of Grand Forks	2,004	2,711	35.48
City of Kelowna	12,713	18,539	289.19
City of Nelson	9,261	9,787	145.50
City of New Westminster	27,870	23,754	395.07
City of Penticton	15,514	20,277	314.15
District of Summerland	5,143	6,138	85.23
Total Municipally-Owned	72,505	81,206	1,264.62
INVESTOR-OWNED ELECTRIC UTILITIES			
FortisBC Inc.[4]	93,949	129,450	1,942.00
Hemlock Valley Electrical Services Limited	206	279	1.18
Princeton Light and Power Company, Limited	3,005	5,119	69.16
Silversmith Light & Power Corporation	11	18	0.05
Terasen Multi-Utility Services Inc. TMUS - Sun Rivers	149	177	2.77
The Yukon Electrical Company Limited Lower Post BC	80	113	0.72
Total Investor-Owned	97,400	135,156	2,015.88
TOTAL ALL ELECTRICAL UTILITIES	**1,838,585**	**2,750,247**	**52,448.70**

NOTES:

1. 1 gigawatt hour (GW.h) = 1 million kilowatt hours.
2. Figures reported are for the 2004 calendar year. Customers reported are as at December 31, 2004.
3. Revenues and sales for BC Hydro and FortisBC Inc. are net of wholesale sales to other reporting electrical utilities identified in this table.
4. On April 30, 2004, the Commission approved the acquisition of Aquila Networks Canada (British Columbia) Ltd by Fortis Pacific Holdings Inc. and on June 1, 2004, Aquila changed its name to FortisBC Inc.

Domestic Gas Sales - 2004

	Customers #	Revenue ($000)	Sales (GJ)(000)
INVESTOR-OWNED NATURAL GAS UTILITIES			
Terasen Gas Inc.			
Lower Mainland Division	551,116	933,572	111,948
Inland Division	213,118	294,890	53,115
Columbia Division	21,245	33,304	6,375
Fort Nelson Division	2,296	4,644	953
Terasen Gas (Squamish) Inc.	2,840	3,617	327
Terasen Gas (Vancouver Island) Inc.			
Vancouver Island, Powell River and Sunshine Coast areas	80,699	150,796	32,339
Pacific Northern Gas (N.E.) Ltd.			
Fort St. John Inc./Dawson Creek Division	15,541	29,132	4,549
Tumbler Ridge Division	1,123	1,870	717
Pacific Northern Gas Ltd.	22,460	62,066	33,693
Terasen Multi-Utility Services Inc.			
TMUS - Sun Rivers	124	36	2
TMUS – Sonoma Pines	41	19	1
TOTAL INVESTOR-OWNED	910,603	1,513,946	244,019
INVESTOR-OWNED PROPANE GRID SYSTEM UTILITIES			
CalGas Inc. - Kickinghorse	37	51	4
Big White Gas Utility Ltd.[5]	101	614	39
Terasen Gas Inc. (Revelstoke)	1,483	2,992	225
Terasen Gas (Squamish) Inc.	29	34	2
Terasen Gas (Whistler) Inc.	2,331	10,256	700
Terasen Multi-Utility Services Inc.			
TMUS - Panorama	167	730	40
Pacific Northern Gas Ltd.			
Granisle Grid	167	226	13
Port Alice Gas Inc.	259	332	16
Sun Peaks Utilities Co. Ltd.	575	1,230	72
Stargas Utilities Ltd.	205	526	30
Total Propane Grid Systems	5,354	16,991	1,141
TOTAL ALL GAS UTILITIES	**915,957**	**1,530,937**	**245,160**

NOTES:

1. 1 gigajoule (GJ) is approximately equivalent to 0.910 mcf (mcf = one thousand cubic feet) or 0.0258 $10^3 m^3$ of natural gas or 0.376 mcf of propane vapour in L.P. gas grid systems.

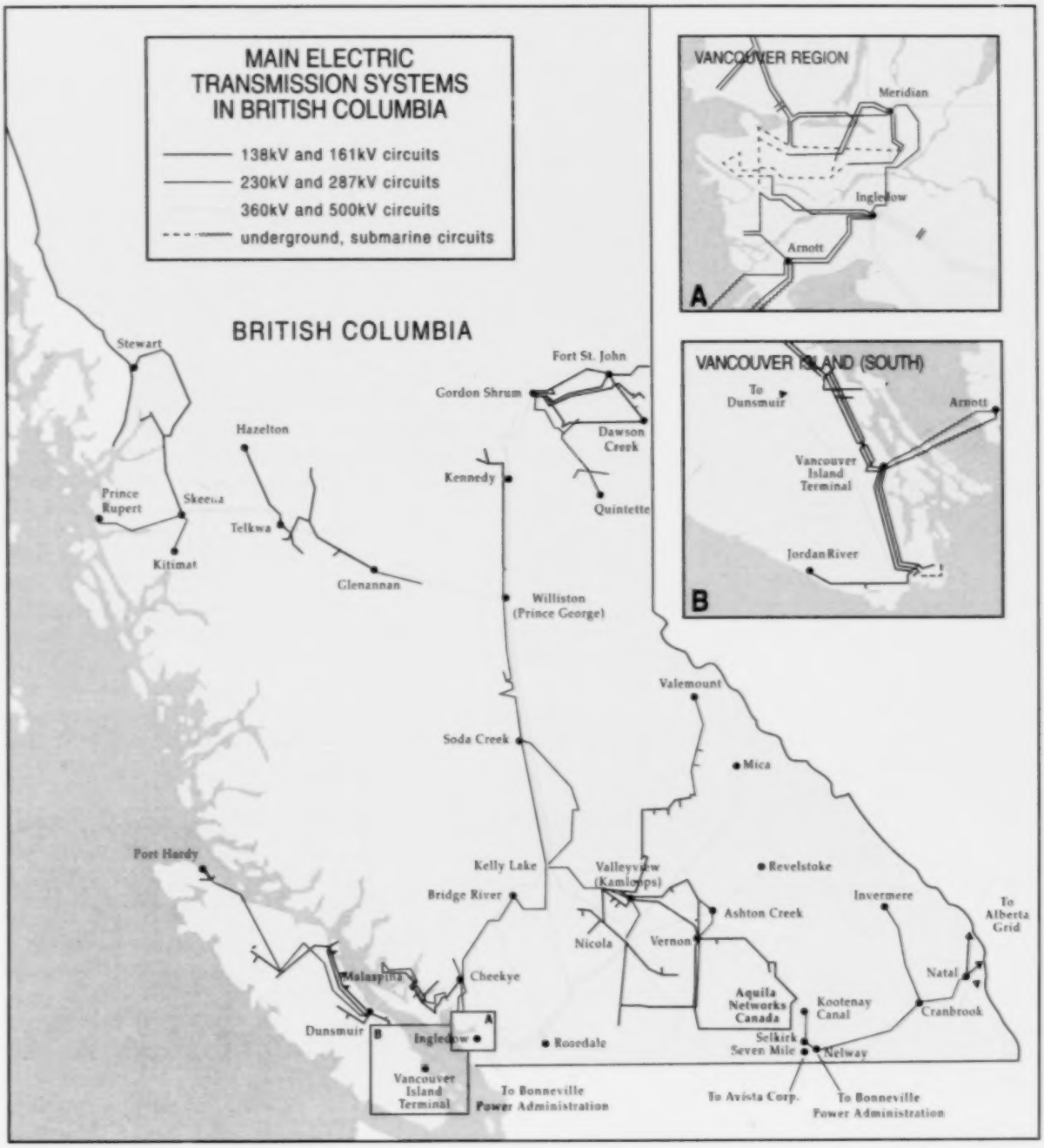
2. Figures reported are for the 2004 calendar year. Customers reported are as at December 31, 2004.

3. Sales of GJ shown include sales to end-use customers plus gas owned by customers and transported to their industrial operations by utilities.

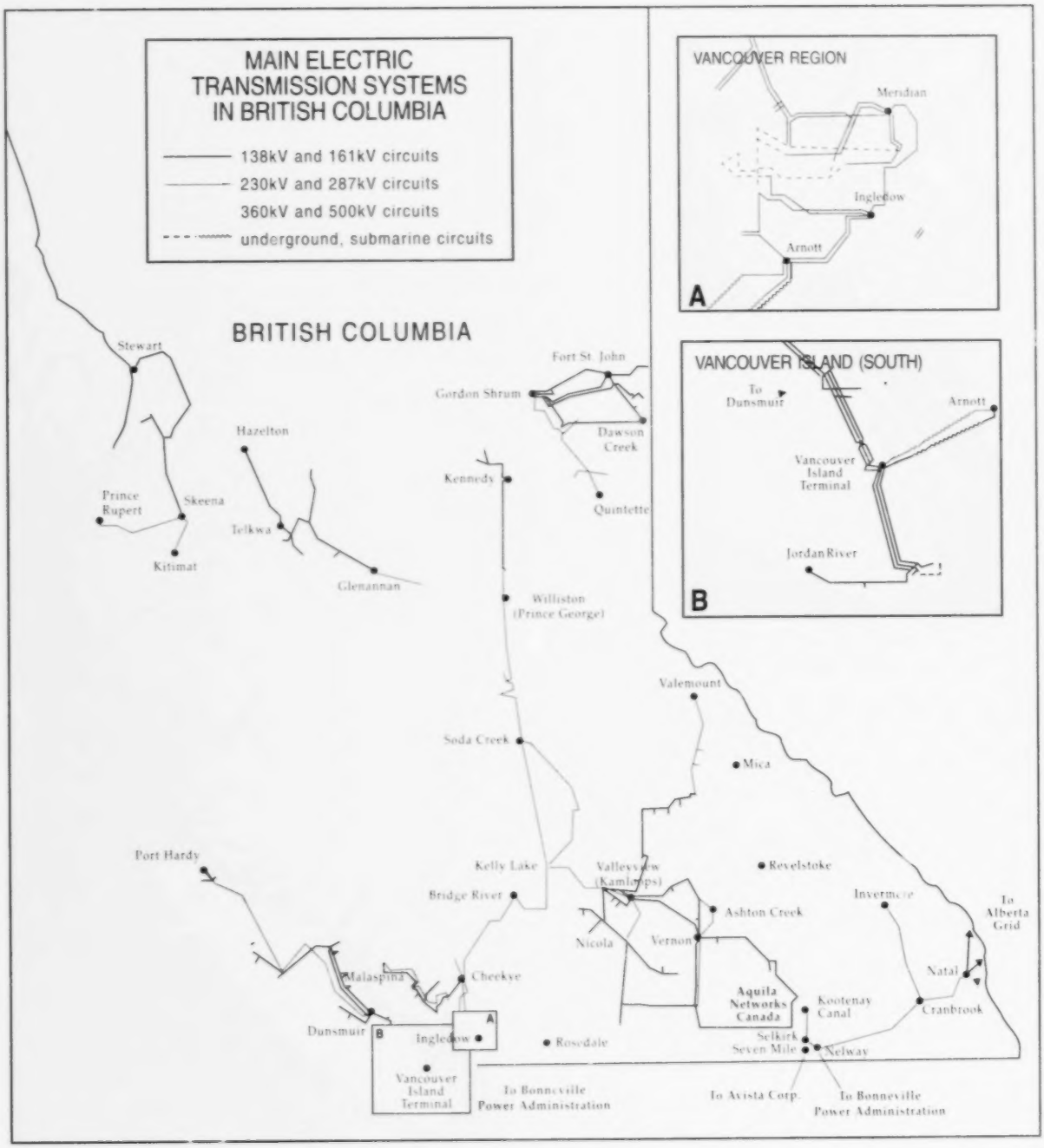
4. Revenues reported for natural gas utilities include only transportation margins for large industrial customers who have purchased gas supplies directly from producers or aggregators.

5. In 2004, R334 Enterprises Ltd. changed its name to Big White Gas Utility Ltd.

Main Electric Transmission and Power Generating Facilities



Main Electric Transmission and Power Generating Facilities



Gas Utilities in British Columbia
LEGEND
Terasen Gas Inc.
Terasen Gas (Vancouver Island) Inc.
Duke Energy Gas Transmission Canada
TransCanada Pipelines Limited
Pacific Northern Gas Ltd. / Pacific Northern Gas (N.E.) Ltd.
Communities served by Terasen Gas (Vancouver Island) Inc.
Communities served by Terasen Gas Inc.
Communities served by Pacific Northern Gas Ltd. / Pacific Northern Gas (N.E.) Ltd.
Port Alice served by Port Alice Gas Inc.
Sun Peaks served by Sun Peaks Utilities Co., Ltd.
Big White served by Big White Gas Utility Ltd.
Silver Star served by Stargas Utilities Ltd.
Sun Rivers served by Terasen Multi Utility Services Inc.
Whistler served by Terasen Gas (Whistler) Inc.
Kicking Horse Mountain Resort served by Cal Gas Inc.
Canyon Ridge served by Cal Gas Inc.
Panorama Mountain Resort served by Terasen Multi Utility Services Inc.
Sonoma Pines served by Terasen Multi Utility Services Inc.
NOTES
Squamish Gas Co. Ltd. changed its name to Terasen Gas (Squamish) Inc. on April 25, 2003 and is a Terasen Inc. subsidiary.
Duke Energy Gas Transmission Canada and TransCanada Pipelines Limited are regulated by the National Energy Board.
BRITISH COLUMBIA
Fort Nelson
Pink Mountain
Fort St. John
Hudson Hope
Chetwynd
Dawson Creek
Tumbler Ridge
Mackenzie
Smithers
Granisle
Terrace
Prince Rupert
Kitimat
Houston
Bear Lake
Burns Lake
Fort St. James
Summit Lake
Salmon Valley
Endako
Vanderhoof
Fraser Lake
Shelley
Endako Mines
Prince George
Hixon
Dunkley
Quesnel
Kersley
Williams Lake
150 Mile House
Lac La Hache
100 Mile House
Clinton
Cache Creek
Ashcroft
Port Alice
Highland Valley
Logan Lake
Merritt
Campbell River
Courtenay
Comox
Powell River
Parksville
Nanaimo
Port Alberni
Lady-smith
Duncan
Victoria
Whistler
Squamish
Sechelt
Princeton
Vancouver
Huntingdon
Kingsvale
Sorrento
Sun Peaks
Chase
Sun Rivers
Kamloops
Barriere
Armstrong
Enderby
Salmon Arm
Sicamous
Revelstoke
Golden
Canyon Ridge
Kicking Horse Resort
Panorama
Fernie
Elkford
Kimberley
Cranbrook
Creston
Yahk
Golden
Sparwood
Elkford
Fernie
Byron Creek
Silver Star
Lumby
Coldstream
Vernon
Winfield
Big White
Kelowna
Penticton
Okanagan Falls
Grand Forks
Castlegar
Robson
Nelson
Salmo
Trail
Montrose
Fruitvale
Rossland
Christina Lake
Westbank
Peachland
Summerland
Oliver
Osoyoos
Keremeos
Cawston
Hedley
Princeton
Hope
Chilliwack
Agassiz
Harrison Hot Springs
Mission
Abbotsford
Matsqui
Langley
Delta
Surrey
Richmond
Tsawwassen
Ladner
Gibsons
Sechelt
Squamish
Whistler
Pemberton
Lillooet
Lytton
Boston Bar
Hope
Yale
Agassiz
Harrison Hot Springs
Chilliwack
Abbotsford
Mission
Matsqui
Langley
Delta
Surrey
Richmond
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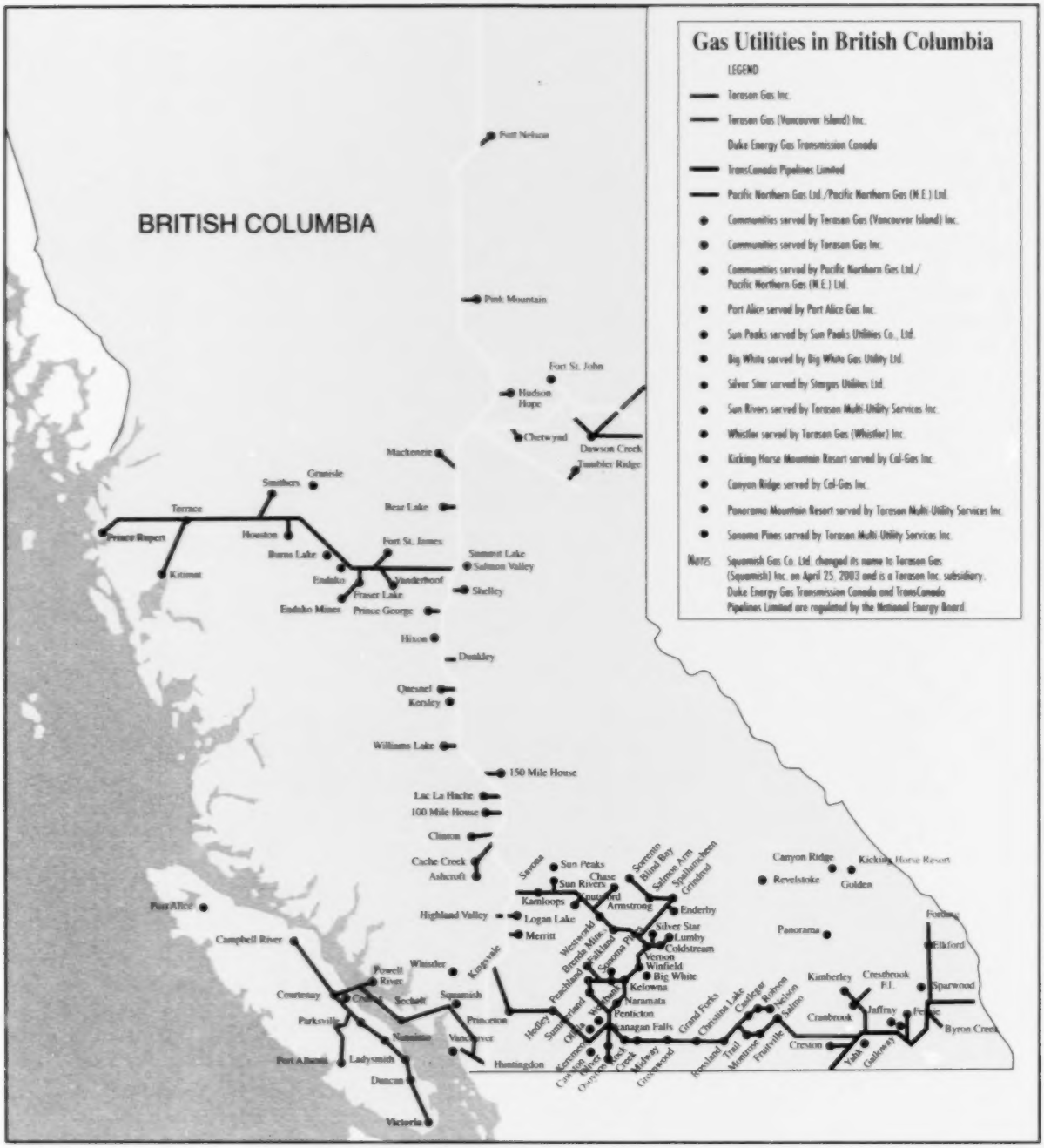

Gas Utilities in British Columbia
LEGEND
Terasen Gas Inc.
Terasen Gas (Vancouver Island) Inc.
Duke Energy Gas Transmission Canada
TransCanada Pipelines Limited
Pacific Northern Gas Ltd./Pacific Northern Gas (N.E.) Ltd.
Communities served by Terasen Gas (Vancouver Island) Inc.
Communities served by Terasen Gas Inc.
Communities served by Pacific Northern Gas Ltd./ Pacific Northern Gas (N.E.) Ltd.
Port Alice served by Port Alice Gas Inc.
Sun Peaks served by Sun Peaks Utilities Co., Ltd.
Big White served by Big White Gas Utility Ltd.
Silver Star served by Sterges Utilities Ltd.
Sun Rivers served by Terasen Multi-Utility Services Inc.
Whistler served by Terasen Gas (Whistler) Inc.
Kicking Horse Mountain Resort served by Col-Gas Inc.
Canyon Ridge served by Col-Gas Inc.
Panorama Mountain Resort served by Terasen Multi-Utility Services Inc.
Sonoma Pines served by Terasen Multi-Utility Services Inc.
NOTES
Squamish Gas Co. Ltd. changed its name to Terasen Gas (Squamish) Inc. on April 25, 2003 and is a Terasen Inc. subsidiary.
Duke Energy Gas Transmission Canada and TransCanada Pipelines Limited are regulated by the National Energy Board.
BRITISH COLUMBIA
Fort Nelson
Pink Mountain
Fort St. John
Hudson Hope
Chetwynd
Dawson Creek
Tumbler Ridge
Mackenzie
Smithers
Granisle
Terrace
Prince Rupert
Kitimat
Houston
Bear Lake
Burns Lake
Fort St. James
Summit Lake
Salmon Valley
Endako
Vanderhoof
Fraser Lake
Shelley
Endako Mines
Prince George
Hixon
Dunkley
Quesnel
Kersley
Williams Lake
150 Mile House
Lac La Hache
100 Mile House
Clinton
Cache Creek
Ashcroft
Port Alice
Campbell River
Courtenay
Comox
Powell River
Sechelt
Squamish
Whistler
Kingsvale
Parksville
Nanaimo
Port Alberni
Ladysmith
Duncan
Victoria
Princeton
Vanderhoof
Huntingdon
Savona
Sun Peaks
Chase
Sun Rivers
Kamloops
Sorrento
Blind Bay
Salmon Arm
Spallumcheen
Grindrod
Armstrong
Enderby
Highland Valley
Logan Lake
Merritt
Silver Star
Lumby
Coldstream
Vernon
Winfield
Big White
Kelowna
Naramata
Penticton
Okanagan Falls
Hedley
Summerland
Westwold
Brenda Mine
Peachland
Westbank
Oliver
Osoyoos
Keremeos
Cawston
Rock Creek
Midway
Greenwood
Grand Forks
Christina Lake
Castlegar
Robson
Nelson
Salmo
Trail
Montrose
Fruitvale
Rossland
Creston
Yahk
Galloway
Kimberley
Crestbrook P.L.
Cranbrook
Jaffray
Fernie
Sparwood
Elkford
Fording
Byron Creek
Panorama
Canyon Ridge
Revelstoke
Kicking Horse Resort
Golden

Decisions, Reasons for Decision and Negotiated Settlements

In 2002, the Commission moved from a calendar year to a fiscal year reporting period. The following summaries cover the period April 1, 2004 through March 31, 2005.

AQUILA NETWORKS CANADA (BRITISH COLUMBIA) LTD.
2003 Annual Review of 2004 Revenue Requirements
Negotiated Settlement appended to Order No. G-38-04 dated April 16, 2004

On November 19, 2003 Aquila applied for approval of a 3.4 percent interim refundable rate increase, effective January 1, 2004. On December 19, 2003, Aquila requested a 0.2 percent increase to its Revenue Requirements as a result of increased rate of return on equity for 2004. Due to the impending sale of the Canadian business of Aquila to Fortis Inc. and the potential restructuring, Aquila has applied for a one year extension of the existing Performance Based Rates mechanism, with increases in certain operating and maintenance and capital costs.

A Pre-Hearing Conference was held on December 18, 2003 to discuss certain significant items in the Application and the proposed regulatory process (Order No. G-79-03). Following the Pre-Hearing Conference, Commission staff prepared a report to the Commission summarizing the positions of all participants. In addition, participants were given the opportunity to make separate written submissions to the Commission by December 22, 2003. No further submissions were received.

Commission Order No. G-91-03 approved for Aquila an interim increase of 3.6 percent effective January 1, 2004 subject to refund with interest.

The Commission subsequently established a regulatory timetable for an Annual Review and a Negotiated Settlement Process which was held on February 24 – 25, 2004 (Order No. G-6-04). The Negotiated Settlement reached among the participants was circulated to all Registered Intervenors on March 23, 2004. No letters of comment were received.

The Commission approved the Negotiated Settlement as issued on March 23, 2004 (Order No. G-38-04).

FORTIS PACIFIC HOLDINGS INC.
Acquisition of a Reviewable Interest in Aquila
Reasons for Decision appended to Order No. G-39-04 dated April 30, 2004

On December 1, 2003, Fortis Pacific Holdings Inc. applied pursuant to Section 54 of the Act for an Order approving the acquisition of a reviewable interest in Aquila Networks Canada (British Columbia) Ltd. from Aquila Networks British Columbia Ltd.

Given the level of interest and concern expressed by the general public in the most recent proceedings of a similar nature involving the utility, the Commission established a written public hearing process to review the Applications (Order No. G-18-04).

On April 30, 2004, the Commission issued its Reasons for Decision and Order No. G-39-04 approving the acquisition by Fortis Pacific Holdings Inc. of a reviewable interest in Aquila Networks Canada (British Columbia) Ltd.

TERASEN GAS (VANCOUVER ISLAND) INC.
BC Hydro Reconsideration of BCUC June 5, 2004 Decision into
TGVI (Centra Gas) 2002 Rate Design Application
Reasons for Decision appended to Order No. G-46-04 dated May 13, 2004

On September 30, 2003, BC Hydro applied to the Commission for reconsideration and variance of certain parts of the Commission's June 5, 2003 Rate Design Decision for Centra Gas British Columbia Inc. On October 21, 2003, the Commission issued Letter No. L-49-03 inviting intervenors to comment on the issue of whether the BC Hydro met the threshold for reconsideration. Following receipt of a submission and response from BC Hydro, on December 24, 2003 the Commission allowed BC Hydro's application for reconsideration on specific issues (Order No. G-87-03). The Commission also heard oral argument on March 24 and 26, 2004.

The Commission issued Order No. G-46-04 and Reasons for Decision denying BC Hydro's application for reconsideration.

INSURANCE CORPORATION OF BRITISH COLUMBIA
Performance Measures/Basic Insurance Information Sharing
Negotiated Settlement appended to Order No. G-49-04 dated May 20, 2004

On February 27, 2004, ICBC submitted filings relating to its Performance Measures and Basic Insurance Information Sharing. The filings were in response to directions issued by the Commission in its Decision dated November 12, 2003 and Letter No. L-2-04, wherein the Commission Panel accepted ICBC's proposal (with certain variations) pertaining to regulatory filings in 2004.

A Negotiated Settlement Process was established (Order No. G-23-04) and the Commission hosted a Regulatory Procedural Workshop on March 22, 2004, which was followed by a Preliminary Discussion Session to enable participants to have discussions with respect to the filings.

The Commission convened a First Meeting on April 8, 2004 and Discussion/Resolution Sessions were held during the period from April 21 to 23, 2004. A Negotiated Settlement Agreement was reached among the participants and was circulated to all Registered Intervenors and the Commission Panel on May 7, 2004.

On May 20, 2004, the Commission issued Order No. G-49-04 approving for ICBC the Negotiated Settlement Agreement.

PRINCETON LIGHT AND POWER COMPANY, LIMITED
2004 Revenue Requirements
Reasons for Decision appended to Order No. G-51-04 dated June 2, 2004

On March 8, 2004 PLP filed its 2004/05 Revenue Requirements Application seeking approval of permanent increases in its Service Charges and Energy Charges of 14.7 percent and 0.4 percent, respectively, and seeking approval of an interim increase to its Access Charges of 4 percent effective April 1, 2004.

The Commission approved an interim increase for PLP's Service, Access and Energy Charges effective April 1, 2004, subject to refund with interest following a decision on Aquila's Revenue Requirements Application that will establish the pass-through Energy Charge to PLP (Order No. G-30-04). A written public hearing process was conducted from April 2 through May 14, 2004.

The Commission approved a general rate increase of 4.3 percent for all customer classes effective May 1, 2004 (Order No. G-38-04).

On June 2, 2004, the Commission issued Order No. G-51-04 and Reasons for Decision approving a permanent overall increase in rates of 4.3 percent, effective May 1, 2004.

TERASEN GAS INC.
Market-Based Commodity Rates for Rate Schedules 7, 10, 14 and 14A
for the 2004/05 Gas Contract Year
Reasons for Decision appended to Order No. G-64-04 dated July 9, 2004

On March 17, 2004 Terasen Gas filed an application for approval for the 2004/05 gas contract year for bundled sales under Rate Schedule 7 and commodity sales under Rate Schedules 10, 14 and 14A.

Letter Order No. L-20-04 established a Workshop on the application where parties were requested to provide written comments regarding issues that remained outstanding and the process that the Commission should establish to review the application. Following the Workshop, the Commission received written comments that a written process should be established.

A written hearing process was established (Order No. G-37-04) and concluded on June 11, 2004.

The Commission approved the rate arrangements for Rate Schedules 7, 10, 14 and 14A for the gas contract year commencing November 1, 2004 and ending October 31, 2005, as set out in Order No. G-64-04 and Reasons for Decision.

FORTISBC INC./BC HYDRO AND POWER AUTHORITY/ BRITISH COLUMBIA TRANSMISSION CORPORATION
Agreements relating to the Kootenay 230 kV System Development Project
Reasons for Decision appended to Order No. G-65-04 dated July 8, 2004

In November 1999 West Kootenay Power Ltd., subsequently known as UtiliCorp Networks Canada (British Columbia) Ltd., then Aquila Networks Canada (British Columbia) Ltd. and now FortisBC Inc. applied to the Commission for a Certificate of Public Convenience and Necessity for its Kootenay 230 kV System Development Project ("the Kootenay 230 kV Project") pursuant to Section 45(1) of the Act.

Following a public hearing, the Commission's June 5, 2000 Decision and Order No. C-10-00 granted a CPCN for the Kootenay 230 kV Project. The Decision recognized that interconnection and cost-sharing agreements needed to be negotiated and Order No. C-10-00 directed FortisBC to submit for final approval all agreements and final cost estimates.

In January 2002, Aquila filed with the Commission its Final Project Routing, Schedule and Budget Estimates Report. Commission Order No. G-46-02 approved the final routing for the Kootenay 230 kV Project, and also approved the Brilliant Terminal Station Facilities Interconnection and Investment Agreement with Columbia Power Corporation, Columbia Basin Trust and affiliated companies dated January 31, 2002.

On May 6, May 12, June 3 and June 8, 2004, FortisBC requested Commission approval of a total of 12 Agreements that are identified on Appendix A that is attached to this Order. FortisBC also provided a schematic diagram of facilities in the West Kootenay area.

The June 3, 2004 filing requested approval of the Interconnection Facilities Agreement for BC Hydro's Kootenay Canal Substation among FortisBC, BC Hydro and BCTC, and the Interconnection Agreement between FortisBC and BCTC.

In a separate June 3, 2004 filing FortisBC requested an exemption pursuant to Section 88(3) of the Act with respect to the interconnection of its lines to the BC Hydro Kootenay Canal Substation, but recognized that the Commission requires the advance approval of the Lieutenant Governor in Council to grant such an exemption.

On May 31, 2004 the BCTC applied for Commission approval of amendments to the General Wheeling Agreement (BC Hydro Electric Tariff Supplement No. 2) and to BC Hydro Rate Schedule 3817. On June 8, 2004 BC Hydro applied for Commission approval of an amendment to the Power Purchase Agreement with FortisBC (BC Hydro Electric Tariff Supplement No. 3).

On June 30, 2004, FortisBC notified the Commission that it was continuing to work with other parties regarding the exemption from the BC Hydro Wholesale Transmission Services Tariff for power flowing between FortisBC lines interconnecting at the Kootenay Canal Substation, and requested that the Commission defer action on its June 3, 2004 applications.

On July 8, 2004 the Commission issued its Reasons for Decision and Order No. G-65-04 approving the following:

1. The Agreements shown as Agreements 1 through 6 and Agreements 9 through 12 on Appendix A to Order No. G-65-04.

2. The General Wheeling Agreement Amending Agreement (2004) between BC Hydro and FortisBC, dated April 5, 2004, amending BC Hydro Electric Tariff Supplement No. 2, effective April 14, 2004.

3. BCTC's amendment to Rate Schedule 3817, as the Tenth Revision of Page C-82 of the BC Hydro Electric Tariff, effective April 14, 2004.

4. The Power Purchase Agreement Amending Agreement (2004) between BC Hydro and FortisBC, dated April 5, 2004, amending BC Hydro Electric Tariff Supplement No. 3, effective April 14, 2004.

PACIFIC NORTHERN GAS LTD.
2004 Revenue Requirements
Decision and Order No. G-69-04 dated July 29, 2004

On November 28, 2003 PNG applied for approval to amend its rates on an interim and final basis effective January 1, 2004. The Application sought to recover increased revenue requirements associated with delivering natural gas and decreased commodity cost of gas. The Application requested an increase in the gas delivery charge in residential and small commercial rates of about 15 percent effective January 1, 2004. PNG also applied for a decrease in the gas commodity charges of about 20 percent.

An interim rate increase in the delivery rates for all classes of customers was approved (Order No. G-85-03), except Methanex Corporation, effective January 1, 2004 subject to refund with interest. A Pre-hearing Conference was held in Vancouver on January 16, 2004 to address procedural matters and an oral public hearing to deal with the Application and the Income Trust Application was established (Order No. G-12-04).

The oral public hearing was held in Terrace, B.C. on March 31 and April 1, 2004 on the 2004 Revenue Requirements Application. The public hearing resumed on April 13, 2004 in Vancouver to complete the 2004 Revenue Requirements Application and to hear the Income Trust Application.

On July 29, 2004, the Commission issued its Decision on PNG's revenue requirements application and directed as follows:

1. The adjustments contained in the Decision issued concurrently with Order No. G-69-04 will result in a 2004 revenue deficiency that is lower than the revenue deficiency used as a basis for setting the 2004 interim rate increases. As directed by Order No. G-85-03, the interim rate increases are subject to refund with interest at the average prime rate of PNG's principal bank. PNG is to report the average refund by customer class that will result from the 2004 permanent rates and advise the Commission on whether the refund should occur as a credit on customer bills or as a refund payment.

2. The Commission approves the MOA between West Fraser Mills and PNG as set out in Chapter 2 of the Decision, effective January 1, 2004.

3. PNG is to file regulatory schedules and an amended summary of Rates and Bill Comparison schedule based on PNG's Application as revised and the adjustments contained in the Decision.

PACIFIC NORTHERN GAS LTD.
Application to Recapitalize under an Income Trust Ownership Structure
Decision and Order No. G-70-04 dated July 29, 2004

On January 30, 2004, PNG filed its application to recapitalize under an income trust ownership structure ("Recapitalization Application").

Following the Pre-hearing Conference held for the PNG revenue requirements application, the Commission determined that an oral public hearing should be held and that it would be practical and appropriate to review, during this oral proceeding, both the PNG 2004 Revenue Requirements Application and the Recapitalization Application (Order No. G-12-04).

The oral public hearing of the Recapitalization Application was held in Vancouver on April 13 and 14, 2004 with written argument.

On July 29, 2004, the Commission issued its Decision and Order No. G-70-04 denying PNG's Application to Recapitalize under an Income Trust Ownership Structure.

PACIFIC NORTHERN GAS (N.E.) LTD.
2004 Revenue Requirements
Reasons for Decision appended to Order No. G-71-04 dated July 29, 2004

On November 28, 2003 PNG (N.E.) applied for approval to adjust customer rates effective January 1, 2004. The Application requested an increase in the gas delivery charge in residential rates of about 10 percent, an increase in the gas delivery charge in small commercial rates of 9 to 13 percent and a decrease in the gas commodity charges of about 20 percent to be effective January 1, 2004 for the Fort St. John/Dawson Creek Division. For the Tumbler Ridge Division, the Application requested a decrease in the gas delivery charge in residential rates of about 5 percent, a decrease in the gas delivery charge in small commercial rates of about 7 percent and a decrease in the gas commodity charges of about 17 percent to be effective January 1, 2004.

The Commission approved the requested interim rate increase in the gas delivery charge and permanent rate decreases in gas commodity charges for the Fort St. John/Dawson Creek Division effective January 1, 2004. For the Tumbler Ridge Division the Commission approved interim decreases in the gas delivery charge and an 11 percent permanent decrease in the cost of gas. The difference between the 2004 interim and permanent delivery rate is refundable with interest (Order No. G-86-03).

A Written Public Hearing process was established and was completed in March 2004.

The Commission issued Order No. G-71-04 and Reasons for Decision on July 29, 2004 and directed as follows:

1. The Commission has reduced the 2004 revenue deficiency by $52,000 for the Fort St. John/Dawson Creek Division and by $22,000 for the Tumbler Ridge Division, as filed in the schedules accompanying PNG(N.E.)'s February 23, 2004 revised Application and adjusted in the Reasons attached as Appendix A to this Order.

2. The approved rates for the Gas Delivery Charge for the Fort St. John/Dawson Creek Division are less than the interim rates which have been in effect since January 1, 2004. PNG(N.E.) is directed to file an amended Summary of Rates and Bill Comparison schedule conforming to the terms of the Reasons attached as Appendix A to this Order, along with a method for refunding excess payments back to customers.

3. The approved 2004 revenue deficiency and the resulting rates for the Gas Delivery Charge for the Tumbler Ridge Division are greater than the revenue deficiency used to derive the interim rates which have been in effect since January 1, 2004. The interim rates are now set as permanent from January 1 to July 31, 2004.

   PNG(N.E.) Tumbler Ridge Division is directed to recover the remainder of the approved forecast 2004 revenue deficiency over the five-month period from August 1 to December 31, 2004. The remainder referred to above is defined as being the approved forecast 2004 revenue deficiency less the amount already recovered during the period from January 1 to July 31, 2004.

   PNG(N.E.) Tumbler Ridge Division is to file an amended Summary of Rates and Bill Comparison schedule conforming to the terms of the Reasons attached as Appendix A to this Order.

4. The request to continue record in a deferral account the costs incurred to repair any damage caused by a terrorist act, and to fix the allocation of overhead to capital projects for 2004 at 19.4 percent in the Fort St. John/Dawson Creek Division and at 2.0 percent in the Tumbler Ridge Division is approved.

PRINCETON LIGHT AND POWER COMPANY, LIMITED
Metering and Back-billing Tariff Changes
Reasons for Decision appended to Order No. G-72-04 dated July 29, 2004

On April 27, 2004 PLP applied for approval to amend Electric Tariff BCUC No. 5, Section 6.7 Back-billing and Section 5.2 Metering Location. The amendments were to clarify the responsibility of the customer when illegal activities are encountered by the Utility on its service connections, and to give the Utility flexibility to avoid potential power theft opportunities where parts of the service connection are out of sight.

PLP requested comments from its largest customer, Weyerhaeuser Company Ltd., and from The British Columbia Public Interest Advocacy Centre.

On July 29, 2004 and pursuant to Sections 58 and 61 of the Utilities Commission Act, the Commission issued Order No. G-72-04 and its Reasons for Decision approving the amendments to Electric Tariff BCUC No. 5, Section 6.7 Back-billing set out in Princeton's May 28, 2004 response to Commission Information Request No. 1, effective August 1, 2004.

The amendments to Electric Tariff BCUC No. 5, Section 5.2 Metering Location were denied.

FORTISBC INC.
Application to Replace the Residential Rate Discount Option
Reasons for Decision appended to Order No. G-82-04 dated August 10, 2004

On May 21, 2004, FortisBC Inc. applied for approval to amend its Electric Tariff, Terms and Conditions of Service, to replace the 10 percent discount given to residential customers for prompt payment with a 1.5 percent late payment charge.

A written public hearing process was established (Order No. G-53-04) that included an Information Request and Response stage as well as an opportunity for Intervenors and the Applicant to present submissions to deal with the Application.

By Order No. G-82-04 and Reasons for Decision, the Commission approved the application effective October 1, 2004. At the request of FortisBC, the Commission approved a delay to implement the billing to November 1, 2004 and issued Order No. G-93-04).

TERASEN GAS INC.
General Review of the Return On Equity and Capital Structure
Reasons for Decision appended to Order No. G-88-04 dated September 20, 2004

On July 22, 2004 Terasen Gas requested the Commission hold a hearing to review the Return on Equity and Capital Structure.

On August 3, 2004, the Commission sought comments from interested parties concerning a number of matters. Responses were received from twelve interested parties. In general, the majority of interested parties were opposed to any review at this time.

By Order No. G-88-04 and Reasons for Decision, the Commission rejected Terasen Gas' application for a review of the mechanism used to set the ROE for a low-risk benchmark utility and associated matters dealing with Capital Structure at this time. While the Commission Panel determined that it would not convene a hearing now to review the ROE adjustment mechanism or related capitalization issues, it concluded that such a review would be appropriate in the fall of 2005 in time for implementation January 1, 2006.

BRITISH COLUMBIA HYDRO AND POWER AUTHORITY
2004/05 and 2005/06 Revenue Requirements and
BRITISH COLUMBIA TRANSMISSION CORPORATION
Application for Deferral Accounts
Decision and Order No. G-96-04 dated October 29, 2004

On December 15, 2003 BC Hydro applied for approval to increase its rates, on an interim and final basis, by 7.23 percent effective April 1, 2004 and a further 2.00 percent effective April 1, 2005.

On December 15, 2003 the BCTC requested approval for certain deferral accounts "to come into effect April 1, 2005 or such other date as BCTC's Transmission Tariff replacing BC Hydro's current Wholesale Transmission Service ("WTS") tariff becomes effective." A System Control Modernization Study Deferral Account was approved by Order No. G-1-04. The Commission determined that the BCTC Application for the deferral accounts should be heard at the same time as BC Hydro's Application and that there will be one record for both Applications.

A Pre-hearing Conference was held on January 14, 2004 and Workshop #1 was held on January 15, 2004.

By Order No. G-8-04 the Commission approved the interim rate increase for BC Hydro of 7.23 percent effective April 1, 2004, subject to refund with interest following the public hearing process and Commission Decision.

By letter dated March 30, 2004 BC Hydro advised that its proposal for a further 2.0 percent rate increase effective April 1, 2005 would be withdrawn. BC Hydro submitted that an additional 1.67 percent increase was required to be made effective 30 days following the Commission's Decision in addition to the April 1, 2004 interim rate increase.

The public hearing process commenced on May 13, 2004 with Opening Statements and the oral public hearing concluded on June 10, 2004.

The Commission's Decision was issued on October 29, 2004 directing BC Hydro to calculate Fiscal 2005 rates and to file financial scheduled by November 15, 2004 in accordance with the directives in the Decision.

BCTC's December 15, 2004 application for Deferral Accounts were approved.

BRITISH COLUMBIA TRANSMISSION CORPORATION
Transmission System Capital Plan
Reasons for Decision appended to Order No. G-103-04 dated November 19, 2004

On May 31, 2004 BCTC applied for approval of a Transmission System Capital Plan for expenditures that it will make or commence in 2005. The approvals requested by BCTC include confirmation that expenditures for certain projects contained in the plan are in the public interest.

In its Application, BCTC requested:

- an Order that the Capital Plan meets the requirements of Section 45(6) of the UCA;
- an Order approving the Capital Plan under Subsection 45(6.2)(a) of the UCA;
- specific Orders approving certain capital expenditures associated with identified projects under Subsection 45(6.2)(b) of the UCA; and

A Written Public Hearing process was established and the schedule for filing submissions ended on September 3, 2004 (Order No. G-63-04).

On November 19, 2004, the Commission issued Order No. G-103-04 and attached Reasons for Decision directing as follows:

1. The Commission finds that the Capital Plan as submitted meets the requirements of Section 45(6.1) and Section 45(6) of the UCA.

2. Pursuant to Section 45(6.2)(b), the Commission determines that the expenditures for projects referred to in Section 5.2 of the Capital Plan are in the public interest.

3. BCTC is exempt from the provisions of Directive No. 6 of Order No. G-44-89.

TERASEN GAS INC.
2005 Revenue Requirements and Delivery Rates
Reasons for Decision appended to Order No. G-112-04 dated December 14, 2004

By Order No. G-51-03, the Commission approved the Settlement Agreement for the 2004-2007 Multi-Year Performance-Based Rate Plan. The terms of the Settlement Agreement included an expanded annual review to provide considerable information on its current and future year activities, along with statistics on its quality of service provided and its compliance with the code of conduct and transfer pricing policy.

The Commission held an Annual Review of Terasen Gas' 2005 Revenue Requirement material on November 19, 2004 (Order No. G-95-04).

Commission Order No. G-112-04 and Reasons for Decision were issued on December 15, 2004 with delivery rates being reduced by 0.45 percent effective January 1, 2005.

TERASEN GAS (VANCOUVER ISLAND) INC.
2003 Actual Revenue Surplus, Forecast 2005 Royalty Adjusted Cost of Gas,
Amortization of the Gas Cost Variance Account Balance and 2005 Customer Rates
Reasons for Decision appended to Order No. G-113-04 dated December 14, 2004

By Order No. G-2-03, the Commission approved the Settlement Agreement for the 2003-2005 Revenue Requirements. The terms of the Settlement Agreement included an Annual Review each year for TGVI to provide information regarding its performance for the current year, and proposed activities for the upcoming year.

The Commission held an Annual Review of TGVI's 2005 Revenue Requirement material on November 19, 2004 (Order No. G-95-04).

Commission Order No. G-113-04 and Reasons for Decision were issued on December 15, 2004 with rates to remain unchanged.

BRITISH COLUMBIA TRANSMISSION CORPORATION
System Control and Modernization Project
Reasons for Decision appended to Order No. C-1-05 dated February 14, 2005

On October 15, 2004 BCTC applied for a Certificate of Public Convenience and Necessity for the System Control Modernization Project ("SCMP"). The SCMP is intended to replace BCTC's existing system operations technology, consolidate the current number of control centres, and replace existing control centre buildings to meet expected seismic standards.

A Written Hearing Process was established (Letter No. L-59-04) concluding with a final response to intervenor submissions by BCTC on January 17, 2005.

On February 14, 2005 the Commission issued Order No. C-1-05 and attached Reasons for Decision approving the System Control Modernization Project. BCTC is to file with the Commission quarterly reports which will include fiscal performance at a Major Project Element level, performance against schedule including general progress and exception reporting; significant milestones achieved during the most recent quarter and those scheduled for the following quarter; exception issues; and an updated Risk Management Watch Summary.

BRITISH COLUMBIA HYDRO AND POWER AUTHORITY
Call for Tenders for Capacity on Vancouver Island and the
Review of Electricity Purchase Agreement
Reasons for Decision appended to Order No. E-1-05 dated February 17, 2005

On November 3, 2004 BC Hydro advised the Commission that Duke Point Power Limited Partnership was the successful proponent in the Vancouver Island Call for Tenders ("CFT") process. On November 19, 2004 BC Hydro filed the Electricity Purchase Agreement ("EPA") with Duke Point Power and a report on the CFT Process.

A Procedural Conference was held on November 29 and 30, 2004 to establish the scope for the proceeding to review B.C. Hydro's EPA filing and CFT Report, and a Pre-hearing Conference was held on December 17, 2004 to hear submissions from participants regarding BC Hydro's request for an Order relieving it of the obligation to respond to questions identified in Schedule A to Exhibit B-8. The Commission issued Letter No. L-63-04 approving BC Hydro's application for relief of the information requests identified in Schedule A to Exhibit B-8, as amended during the Procedural Conference, with the expectation of the information requests noted in Letter No. L-63-04.

A second Pre-hearing Conference was held on December 22, 2004 to address matters that were identified in Letter No. L-64-04, including applications related to reasonable apprehension of bias, the scope of the proceeding and the disclosure of confidential information. The Pre-hearing Conference also considered revisions to the Regulatory Timetable.

Following the second Pre-hearing Conference, a Town Hall Meeting was held on January 15, 2005 in Nanaimo, B.C. and the public hearing commenced in Vancouver, B.C. on January 17, 2005, concluding on January 28, 2005. Written Final Arguments and Reply Argument were completed by February 7, 2005 and an Oral Argument Phase was held on February 10, 2005, so counsel could respond to specific issues arising from the Written Argument process.

On February 17, 2005, the Commission issued Order No. E-1-05, with Reasons for Decision to follow. On March 9, 2005 the Commission issued its Reasons for Decision. The Commission accepted the EPA with Duke Point Power, subject to BC Hydro purchasing gas transportation from Terasen Gas (Vancouver Island) Inc. ("TGVI") and filing a long-term firm gas transportation service agreement with TGVI for service to the Duke Point Power plant and ICP within 45 days of the February 17, 2005 Order. Given the urgency of the supply situation on Vancouver Island, the acceptance of the EPA for filing as an energy supply contract was further subject to certain conditions.

On February 24, 2005, the Joint Industry Electricity Steering Committee filed a Notice of Application for Leave to Appeal with the Vancouver Registry. On February 27, 2005, GSX Concerned Citizens Coalition, British Columbia Sustainable Energy Association, and Society Promoting Environmental Conservation filed a Notice of Application for Leave to Appeal with the Vancouver Registry. The Court of Appeal issued an Order of a Justice setting down the hearing for April 6, 2005.

TERASEN GAS (VANCOUVER ISLAND) INC.
Review of 2004 Resource Plan and
Certificate of Public Convenience and Necessity Application for a Liquefied Natural Gas Storage Project
Decision and Order No. C-2-05 dated February 15, 2005

On June 21, 2004 TGVI filed its 2004 Resource Plan in accordance with the Commission's Resource Planning Guidelines issued in December 2003.

On August 4, 2004 TGVI applied for a Certificate of Public Convenience and Necessity to construct a LNG Storage Facility at Mount Hayes. The LNG storage facility would have a useable capacity of 1,070 terajoules (one billion standard cubic feet of gas) and could provide approximately 100 terajoules per day (100 million standard cubic feet per day) of natural gas to the TGVI system.

A Pre-hearing Conference was held on September 13, 2004 to consider issues and procedural matters associated with the Resource Plan and CPCN Application, including timing and steps in the review process. The Oral Public Hearing commenced on November 17, 2004 in Nanaimo, B.C. and resumed on December 6 in Vancouver, concluding on December 13, 2004. Written Argument was completed when TGVI filed its Reply Submission on January 14, 2005.

On February 15, 2005 the Commission issued its Decision and Order No. C-2-05. The Commission's Decision is based on the assumptions that the Duke Point Power facility proceeds and that TGVI executes a long-term TSA with BC Hydro to provide firm transportation service to the Island Cogeneration Plant and Duke Point Power within 45 days of the Commission's February 17, 2005 B.C. Hydro – Call for Tenders for Capacity on Vancouver Island and Review of Electricity Purchase Agreement Decision.

Exemptions

There are two types of exemptions from the provisions of the Utilities Commission Act: Section 22 Ministerial exemptions and Section 88 Commission exemptions.

Section 22 – Ministerial Exemptions

Ministerial Order M-22-0205 (M202, dated June 6, 2002) exempts persons who are not otherwise a public utility, and their equipment facilities, plants, projects or systems, from the provisions of Part 3 of the Utilities Commission Act (except Section 22) with respect to the production and sale of electricity to BC Hydro or Powerex.

Following this date Independent Power Producers ("IPPs") were not required to seek Commission exemptions from public utility status so long as the power produced from the project was sold to BC Hydro or Powerex.

Section 22 also enables the Minister to refer an exemption application to the Commission for review, or delegate the decision to the Commission.

Section 88 - Commission Exemptions

Commission exemptions may exempt a utility from any provision of the Act except for Part 2 and matters subject to Sections 22 and 71. Cabinet pre-approval is required. This section is often used to exempt upstream natural gas plants, pipelines, and related facilities from public utility status.

The Commission has developed a specific practice to issue Section 88 exemptions. First, the utility applies to the Commission for an exemption from regulation with respect to a particular activity, project, or agreement. If the Commission agrees with the application in principle and decides that an exemption will not jeopardize the public interest, it requests approval from Cabinet. By Order of the Lieutenant Governor in Council, Cabinet formally approves the exemption. Finally, the Commission issues its own order granting an exemption under Section 88(3).

The following Commission exemptions from regulation were granted under Section 88(3) of the Act in 2004/05.

~ **British Columbia Hydro and Power Authority**
Order No. G-34-04

Exempted BC Hydro from the application of Section 61(3) of the Act as it applies to:

a) BC Hydro Wholesale Transmission Services Tariff; and
b) Tariffs that are successors to or replacements of the BC Hydro Wholesale Transmission Services Tariff

for power flowing on the electric transmission system now owned by BC Hydro scheduled pursuant to the Line 71 Agreement and the Line 71 Amending Agreement.

~ **Pengrowth Corporation**
Order No. G-68-04

Exempted Pengrowth from Section 71 and Part 3 (except Section 22) of the Act for the sale and delivery of power to L&E Consulting Ltd. for use in its camp area at LSD-21-K/94-H-2.

~ **Canadian Forest Products Ltd.**
Order No. G-104-04

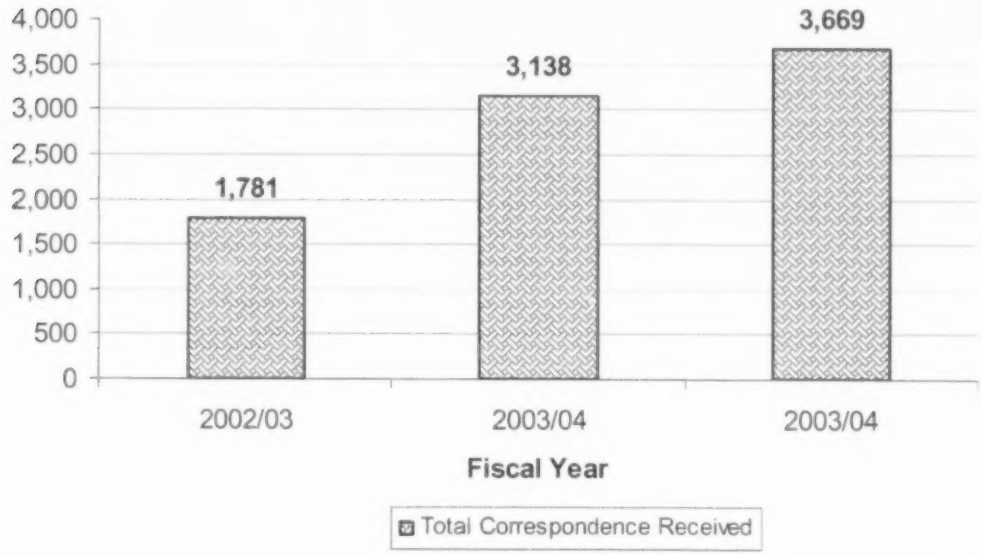
Exempted Canadian Forest Products Ltd., its successors and assigns, from Section 71 and Part 3 of the Act (except Section 22), in respect of the pulp and paper mills in Prince George, BC and the provision of steam to the adjacent chemical production facility from the pulp and paper mills.

~ **KeySpan Energy Canada Partnership**
Order No. G-22-05

Exempted KeySpan from Part 3 of the Act, other than Sections 24 and 25, of the facilities listed in Appendix 1 which KeySpan uses to transport or process natural gas for others.

Performance Indicators

Over the last three fiscal years the Commission has seen a significant increase in the amount of correspondence received and processed by Commission staff. Correspondence received by the Commission consists of customer complaints, utility applications, hearing documents, requests for information/assistance (not related to a proceeding), and utility reports. Not included in the following graph are customer complaints received by telephone and e-mail or telephone requests received by the Information Services Group requesting Commission documents. These requests are processed immediately upon receipt and are not entered into the document tracking system.



Proceeding Days Summary (Fiscal 2004/05)

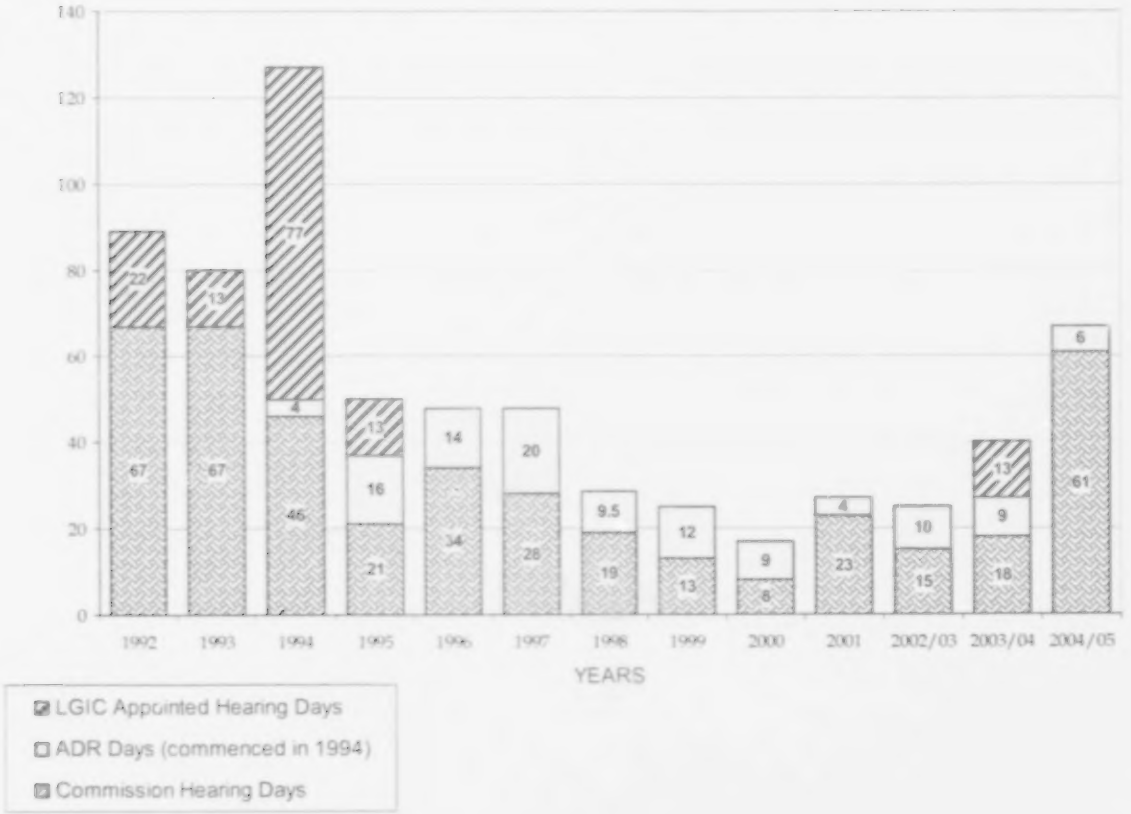
Applicant	Application	Pre-hearing Conference	Workshop	NSP/ ADR	Oral Public Hearings	Total Days
Fortis Pacific Holdings Inc.	Acquisition of a Reviewable Interest in Aquila Networks Canada (British Columbia) Ltd.				Written Hearing	
BC Hydro and BCTC	2004/2005 and 2005/2006 Revenue Requirements and Application for Deferral Accounts				21	21
PNG	2004 Revenue Requirements and Application to Recapitalize and Change to an Income Trust				3	3
BC Hydro	Reconsideration of BCUC June 5, 2004 Decision into TGVI 2002 Rate Design Decision				Written Hearing	
PNG (N.E.)	2004 Revenue Requirements				Written Hearing	
ICBC	Performance Measures and Basic Insurance Information Sharing		1	3		4
Terasen Gas	Market-Based Commodity Rates for Rate Schedules 7, 10, 14 & 14A for the 2004/05 Gas Contract Year		1		Written Hearing	1
FortisBC	Replace Residential Discount				Written Hearing	
BCTC	Transmission System Capital Plan				Written Hearing	
PLP	2004 Revenue Requirements				Written Hearing	
ICBC	Financial Allocation Methodology	1	1		7	9
BCTC and BC Hydro	Open Access Transmission Tariff Interconnected Operations Services	2	1		9	12
TGVI	2004 Resource Plan and Liquefied Natural Gas Storage Project	1			7	8
Terasen Gas	2004 Annual Review of 2005 Revenue Requirements			1		1
TGVI	2004 Annual Review of 2005 Revenue Requirements			1		1

Applicant	Application	Pre-hearing Conference	Workshop	NSP/ ADR	Oral Public Hearings	Total Days
BC Hydro	Call for Tenders for Capacity on Vancouver Island and Electricity Purchase Agreement	4			10	14
BCTC	System Control and Modernization Project				Written Hearing	
FortisBC	2005 Revenue Requirements, 2005-2024 System Development Plan and 2005 Resource Plan	1	3	1	4	9
PNG (N.E.)	2005 Revenue Requirements				Written Hearing	
BCTC	2005/06 Revenue Requirements	1				1
ICBC	Financial Allocation Methodology Cost Allocation – Phase 2		1			1
TOTAL DAYS		10	8	6	61	85

Hearing and Alternative Dispute Resolution Days (Fiscal 2004/05)

The Negotiated Settlement Process is part of the Commission's efforts to improve the quality and efficiency of regulation. Use of the Negotiated Settlement Process, which is also referred to as Alternative Dispute Resolution, requires considerable work before, during and after the negotiations. Revised "Negotiated Settlement Process: Policy, Procedures and Guidelines" were issued on January 23, 2001 (Letter No. L-3-01).

Alternative Dispute Resolution, the use of formulas for setting ROEs, and multi-year performance based settlements have all contributed to the declining trend in the number of hearing days (see chart). Matters referred to the Commission by the Lieutenant Governor in Council, such as the Kemano Completion Project and the Heritage Contract Inquiry, can have a dramatic affect on the number of hearing days; for example, in 1994 the Kemano Completion Project was reviewed over 77 hearing days and the Heritage Inquiry was reviewed over 13 days.



Customer Complaints and Inquiries (Fiscal 2004/05)

Inquiries from Utility Customers concerning Terms and Conditions of Utility Service, Quality of Service, Rate Increases, Billing and Payment Requirements, Disconnections, etc.

An important aspect of the Commission's mandate is to apply regulation in a manner that reflects fair, consistent and clearly enunciated standards. Commission staff are available to assist the public in dealing with regulated utilities so that problems and inquiries are handled in a prompt, helpful and efficient manner.

Most complaints and inquiries are resolved through discussions between the customer and the utility concerned. Unresolved issues are referred to the Commission. To facilitate communication between the Commission and the customers of regulated utilities wishing to file complaints or have points clarified, toll-free calling from anywhere in the Province is available. The number of complaints and inquiries in 2004/05 decreased to 376 from 639 in 2003/04, primarily as a result of stable commodity gas prices.

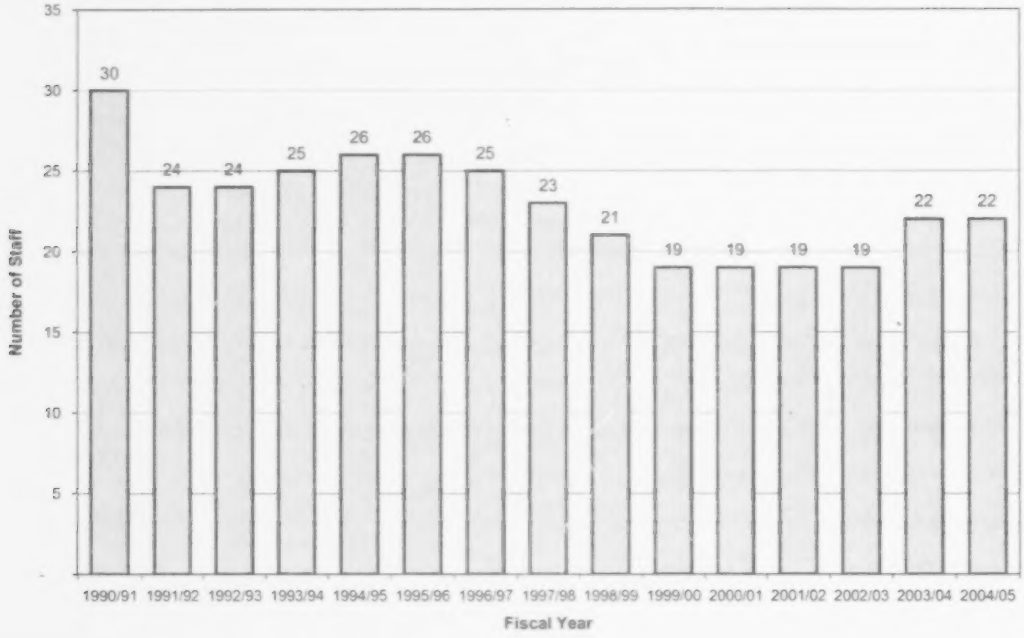
During 2004/05, 147 requests for information were made under the Freedom of Information and Protection of Privacy Act.

Summary of 2004/05 Customer Complaints and Inquiries

	Category Breakdown	Total
Big White Propane Utility		**1**
British Columbia Hydro and Power Authority		**156**
~ General Complaints	26	
~ Quality of Service	5	
~ Billing	34	
~ Disconnected/Security Deposit Requirement	76	
~ Estimation of Consumption	15	
British Columbia Hydro/Terasen Gas Inc. (combined)		**1**
Cal-Gas Inc.		**0**
Central Heat Distribution Limited		**0**
FortisBC Inc. (formerly Aquila Networks Canada (British Columbia) Ltd.)		**32**
Hemlock Valley Electrical Services Ltd.		**0**
Pacific Northern Gas Ltd.		**7**
Pacific Northern Gas (N.E.) Ltd.		**9**
Port Alice Gas Inc.		**0**
Princeton Light and Power Company, Limited		**0**
Silversmith Power and Light		**0**
Stargas Utilities Ltd.		**0**
Sun Peaks Utilities Co. Ltd.		**0**
Terasen Gas Inc.		**162**
~ General Complaints	29	**0**
~ Billing	34	**0**
~ Estimation of Consumption	11	**0**
~ Disconnected/Security Deposit Requirement	88	**0**
Terasen Gas (Vancouver Island) Inc.		**8**
Terasen Gas (Squamish) Inc.		**0**
Terasen Multi-Utility Services Inc. (Sun Rivers and Toby Creek)		**0**
Total 2004/05 Complaints/Inquiries		**376**

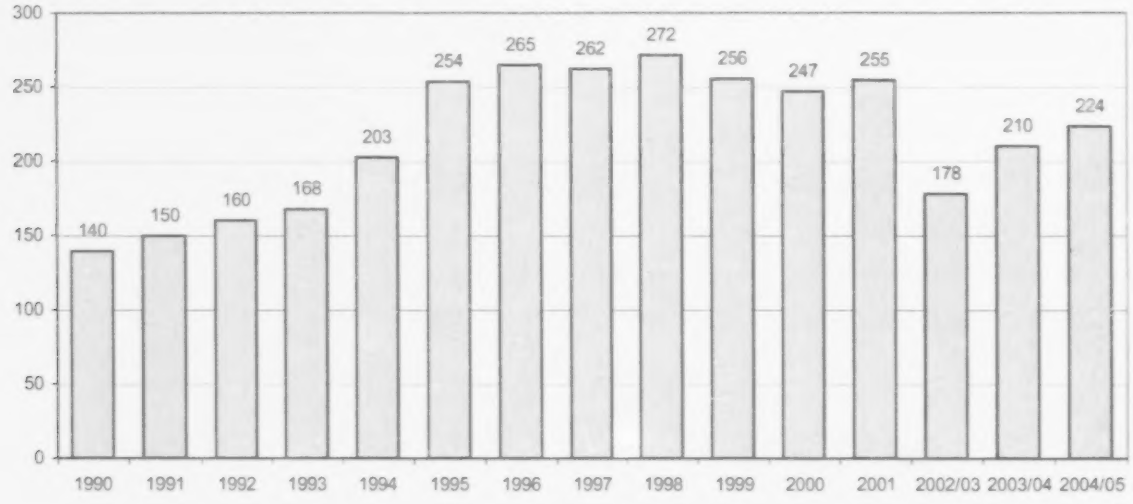
Staffing Levels

Staffing levels remained the same from 2003/04 to 2004/05.



Directives Issued

The number of Orders and Letters of Direction issued in 2004/05 was 224 up from the 210 recorded for 2003/04 and the 178 recorded for 2002/03.

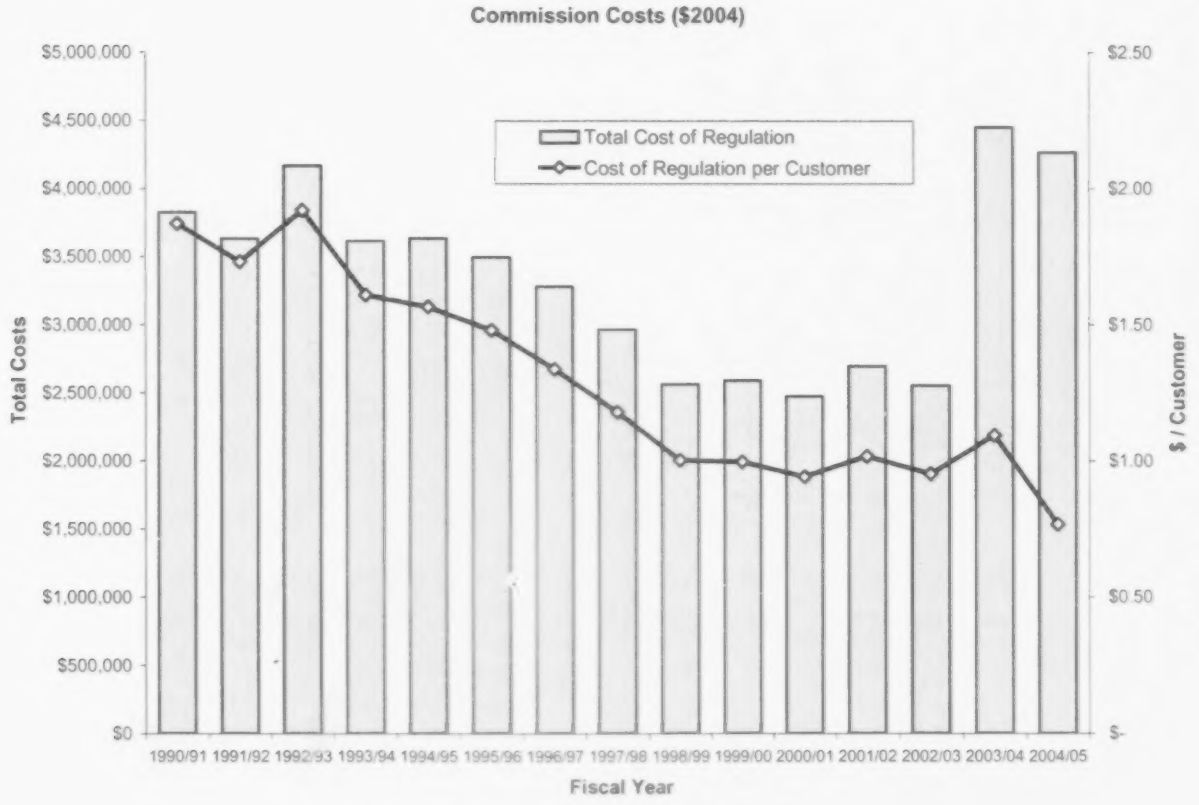


*Note: In 2002 the Commission moved from calendar year reporting to fiscal reporting.

Commission Expenditures and Cost of Regulation per Customer

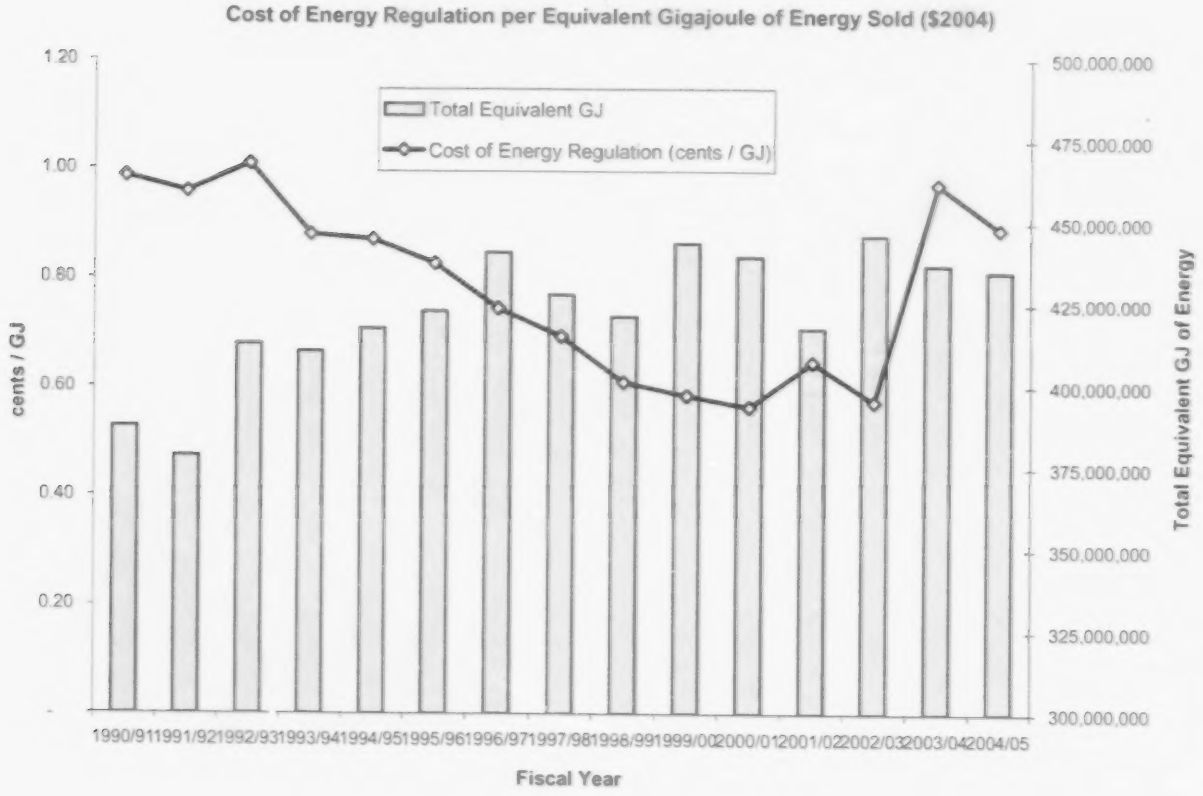
The Commission's actual expenditures for fiscal year 2004/05 (unaudited) were $4,266,799.41 million. The increase in expenditures results from an increase to the Commission's regulatory responsibility, number of hearing days and staffing levels.

The cost of regulation per customer is calculated by dividing Commission expenditures by the total number of customers of regulated utilities. For the five years prior to 2003/04, it has been under one dollar per customer, about half of what it was in the early 1990's. The rise in the cost of regulation in 2003/04 primarily reflects the return of BC Hydro to Commission regulation, the regulation of ICBC and an increase in the number of hearing days.



Cost of Energy Regulation per Equivalent Gigajoule of Energy Sold (cents)

The cost of regulation per gigajoule (equivalent) of energy sold is calculated by dividing Commission energy regulation expenditures by the amount of energy sold or transported by utilities in that year.



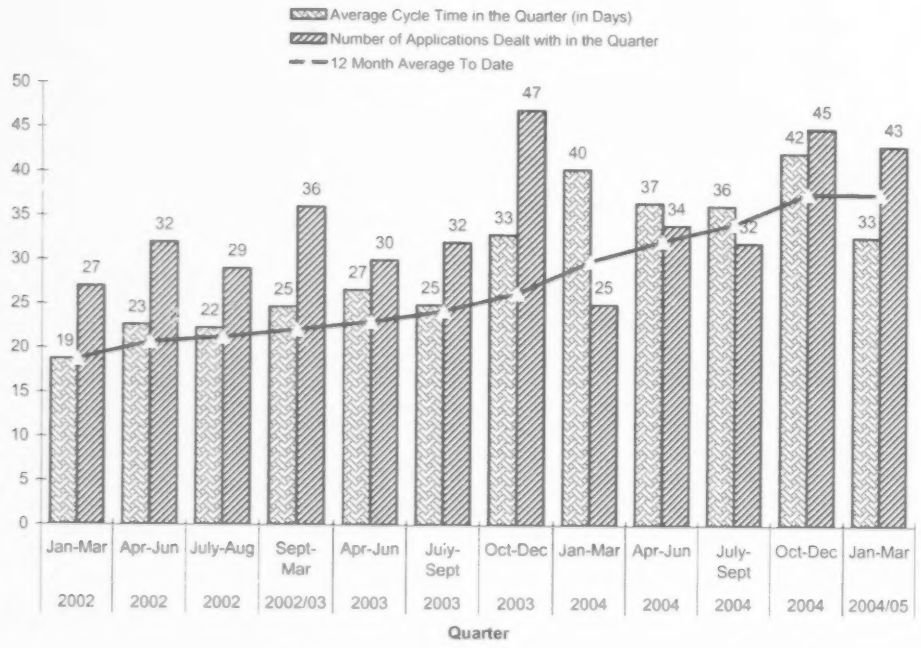
The equivalent energy sold includes both natural gas by gas utilities and the electricity sold (converted to gigajoules) by electrical utilities. From 1996 to 2003 the rates of BC Hydro were effectively frozen and therefore required less regulation than currently, now that the rate freeze has expired.

Cycle Times

The following four graphs portray "cycle" or "turnaround" times - the time elapsed between the receipt of an Application and a Commission decision - categorized according to the four main ways the Commission processes the Application.

"Non-Hearing" Applications are usually straightforward and not controversial. They are managed by staff review and analysis, often with supplementary information requests and responses from the utility, but without a formal public review. Average cycle times, by quarter, ranged from 33 to 37 calendar days in 2004/05.

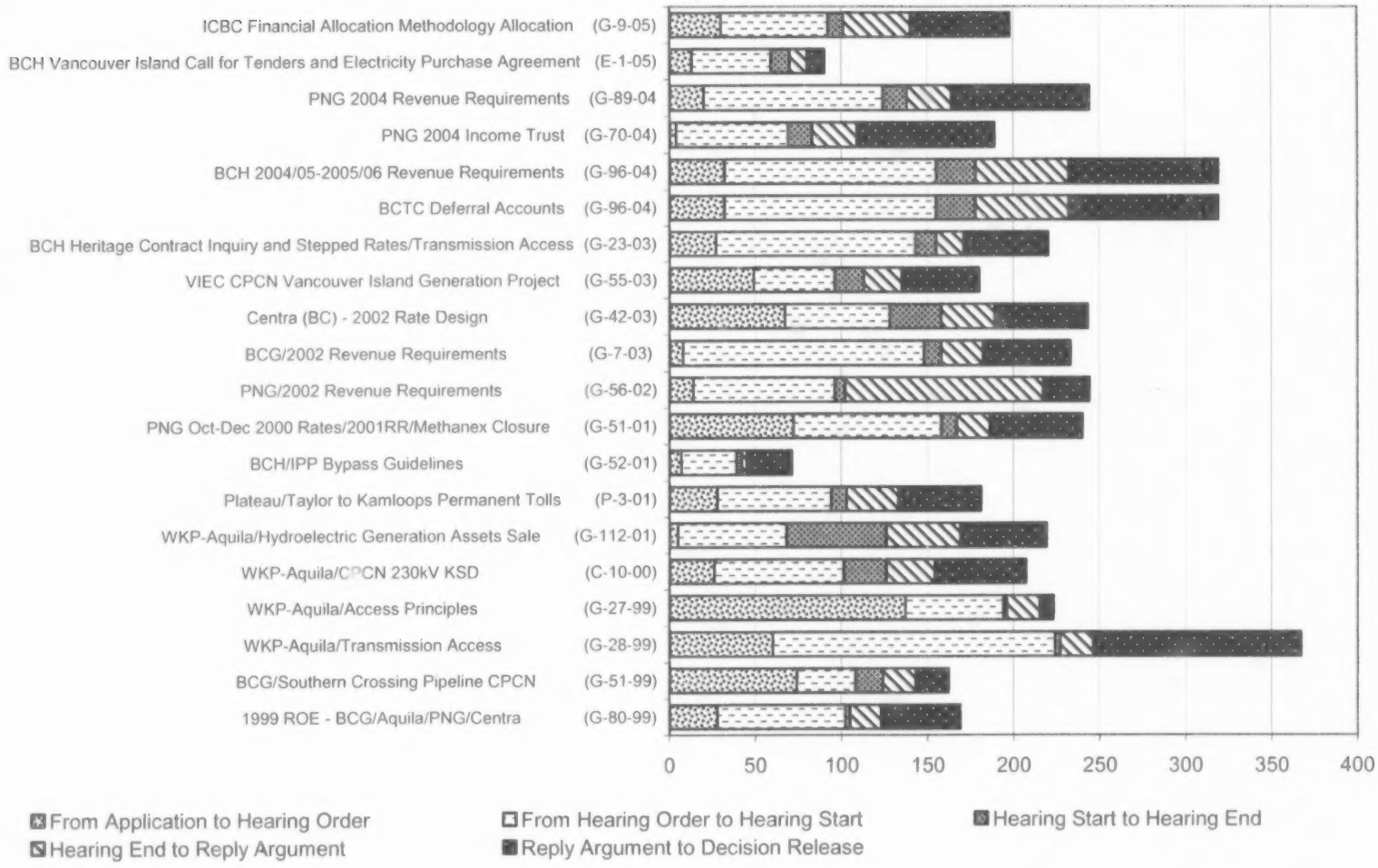
Cycle Times for Non-Hearing Applications by Quarter (2002-2004/05)



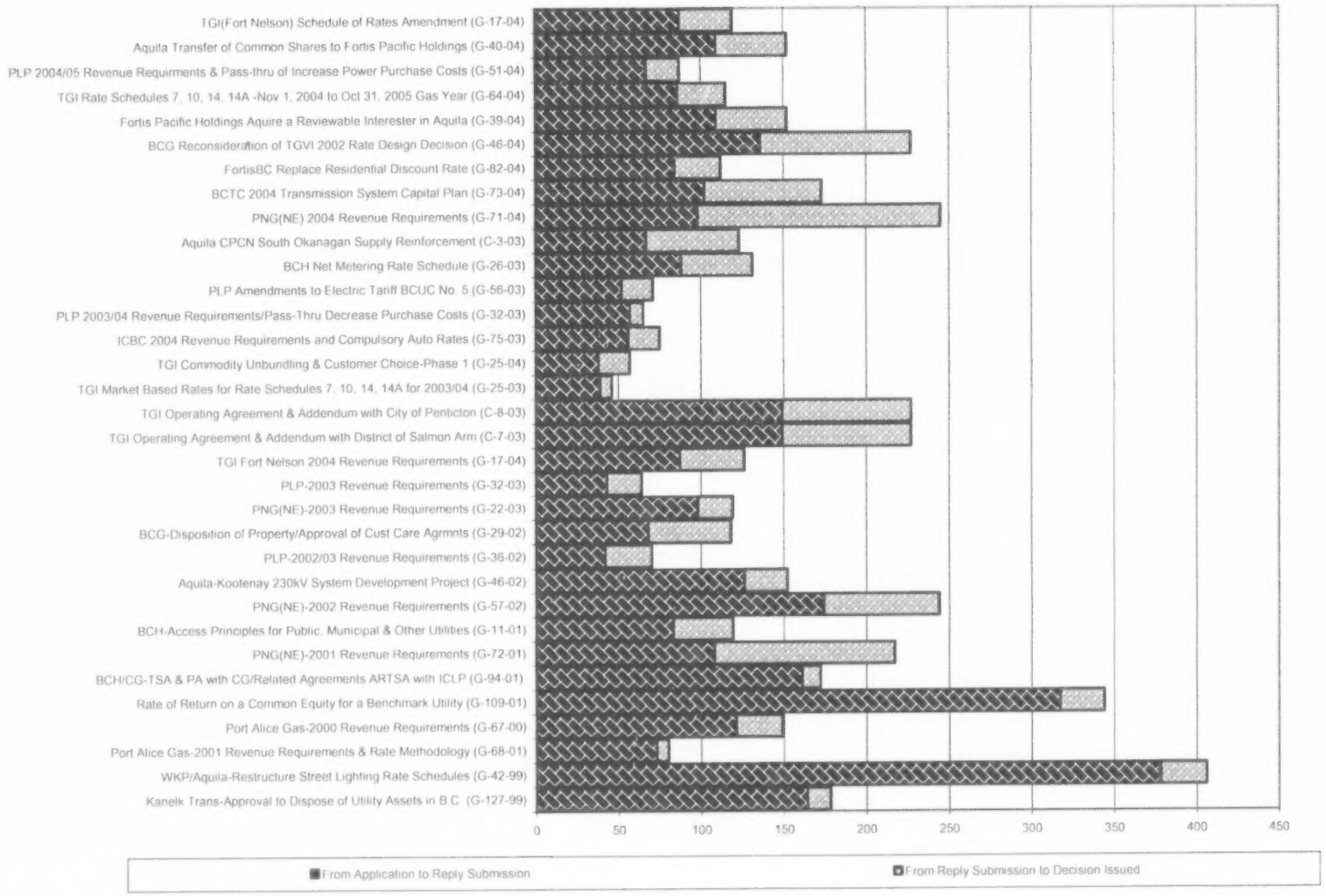
Note: In 2002/03 the Commission moved from Calendar year reporting to fiscal year reporting.

More complex applications require a public review process, usually through an oral public hearing, a written public hearing, or a negotiated settlement process. The following three graphs portray the cycle times for applications since 1999 managed by these three processes. Oral public hearings are quasi-judicial and adversarial; most take seven to eights months between receipt of the Application and the issuance of the Commission Decision. The BCUC's written hearing process cycle times average about six months, and Applications managed by a negotiated settlement process take about four months on average between receipt and disposition.

BCUC Oral Public Hearing Cycle Times 1999 to Date


ICBC Financial Allocation Methodology Allocation (G-9-05)
BCH Vancouver Island Call for Tenders and Electricity Purchase Agreement (E-1-05)
PNG 2004 Revenue Requirements (G-89-04
PNG 2004 Income Trust (G-70-04)
BCH 2004/05-2005/06 Revenue Requirements (G-96-04)
BCTC Deferral Accounts (G-96-04)
BCH Heritage Contract Inquiry and Stepped Rates/Transmission Access (G-23-03)
VIEC CPCN Vancouver Island Generation Project (G-55-03)
Centra (BC) - 2002 Rate Design (G-42-03)
BCG/2002 Revenue Requirements (G-7-03)
PNG/2002 Revenue Requirements (G-56-02)
PNG Oct-Dec 2000 Rates/2001RR/Methanex Closure (G-51-01)
BCH/IPP Bypass Guidelines (G-52-01)
Plateau/Taylor to Kamloops Permanent Tolls (P-3-01)
WKP-Aquila/Hydroelectric Generation Assets Sale (G-112-01)
WKP-Aquila/CPCN 230kV KSD (C-10-00)
WKP-Aquila/Access Principles (G-27-99)
WKP-Aquila/Transmission Access (G-28-99)
BCG/Southern Crossing Pipeline CPCN (G-51-99)
1999 ROE - BCG/Aquila/PNG/Centra (G-80-99)
0
50
100
150
200
250
300
350
400
From Application to Hearing Order
From Hearing Order to Hearing Start
Hearing Start to Hearing End
Hearing End to Reply Argument
Reply Argument to Decision Release

BCUC Written Hearing Cycle Times 1999 to Date


TGI(Fort Nelson) Schedule of Rates Amendment (G-17-04)
Aquila Transfer of Common Shares to Fortis Pacific Holdings (G-40-04)
PLP 2004/05 Revenue Requirments & Pass-thru of Increase Power Purchase Costs (G-51-04)
TGI Rate Schedules 7, 10, 14, 14A -Nov 1, 2004 to Oct 31, 2005 Gas Year (G-64-04)
Fortis Pacific Holdings Aquire a Reviewable Interester in Aquila (G-39-04)
BCG Reconsideration of TGVI 2002 Rate Design Decision (G-46-04)
FortisBC Replace Residential Discount Rate (G-82-04)
BCTC 2004 Transmission System Capital Plan (G-73-04)
PNG(NE) 2004 Revenue Requirements (G-71-04)
Aquila CPCN South Okanagan Supply Reinforcement (C-3-03)
BCH Net Metering Rate Schedule (G-26-03)
PLP Amendments to Electric Tariff BCUC No. 5 (G-56-03)
PLP 2003/04 Revenue Requirements/Pass-Thru Decrease Purchase Costs (G-32-03)
ICBC 2004 Revenue Requirements and Compulsory Auto Rates (G-75-03)
TGI Commodity Unbundling & Customer Choice-Phase 1 (G-25-04)
TGI Market Based Rates for Rate Schedules 7, 10, 14, 14A for 2003/04 (G-25-03)
TGI Operating Agreement & Addendum with City of Penticton (C-8-03)
TGI Operating Agreement & Addendum with District of Salmon Arm (C-7-03)
TGI Fort Nelson 2004 Revenue Requirements (G-17-04)
PLP-2003 Revenue Requirements (G-32-03)
PNG(NE)-2003 Revenue Requirements (G-22-03)
BCG-Disposition of Property/Approval of Cust Care Agrmnts (G-29-02)
PLP-2002/03 Revenue Requirements (G-36-02)
Aquila-Kootenay 230kV System Development Project (G-46-02)
PNG(NE)-2002 Revenue Requirements (G-57-02)
BCH-Access Principles for Public, Municipal & Other Utilities (G-11-01)
PNG(NE)-2001 Revenue Requirements (G-72-01)
BCH/CG-TSA & PA with CG/Related Agreements ARTSA with ICLP (G-94-01)
Rate of Return on a Common Equity for a Benchmark Utility (G-109-01)
Port Alice Gas-2000 Revenue Requirements (G-67-00)
Port Alice Gas-2001 Revenue Requirements & Rate Methodology (G-68-01)
WKP/Aquila-Restructure Street Lighting Rate Schedules (G-42-99)
Kanelk Trans-Approval to Dispose of Utility Assets in B.C. (G-127-99)
0
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100
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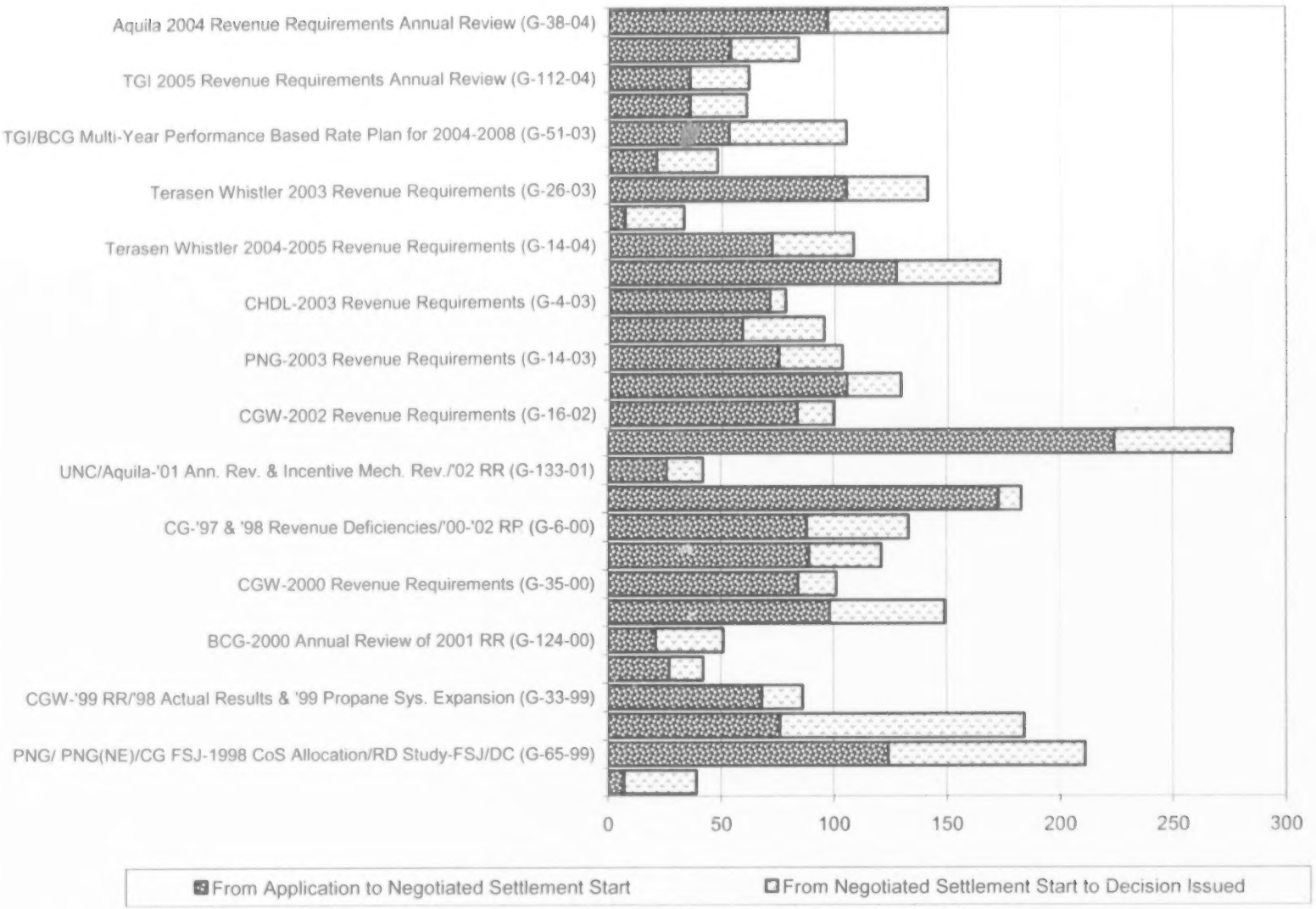
200
250
300
350
400
450
From Application to Reply Submission
From Reply Submission to Decision Issued

BCUC Negotiated Settlement Cycle Times 1999 to Date


Aquila 2004 Revenue Requirements Annual Review (G-38-04)
TGI 2005 Revenue Requirements Annual Review (G-112-04)
TGI/BCG Multi-Year Performance Based Rate Plan for 2004-2008 (G-51-03)
Terasen Whistler 2003 Revenue Requirements (G-26-03)
Terasen Whistler 2004-2005 Revenue Requirements (G-14-04)
CHDL-2003 Revenue Requirements (G-4-03)
PNG-2003 Revenue Requirements (G-14-03)
CGW-2002 Revenue Requirements (G-16-02)
UNC/Aquila-'01 Ann. Rev. & Incentive Mech. Rev./'02 RR (G-133-01)
CG-'97 & '98 Revenue Deficiencies/'00-'02 RP (G-6-00)
CGW-2000 Revenue Requirements (G-35-00)
BCG-2000 Annual Review of 2001 RR (G-124-00)
CGW-'99 RR/'98 Actual Results & '99 Propane Sys. Expansion (G-33-99)
PNG/ PNG(NE)/CG FSJ-1998 CoS Allocation/RD Study-FSJ/DC (G-65-99)
0
50
100
150
200
250
300
From Application to Negotiated Settlement Start
From Negotiated Settlement Start to Decision Issued

G-33-04 CHDL

Approved the fixing of $5 million of debt with the Royal Bank of Canada for a term of five years at an interest rate of 6.12 percent.

G-34-04 BC HYDRO

Rescinded Order No. G-18-03 and exempted the utility from the application of Section 61(3) of the Act, pursuant to Order In Council No. 285, 2004, as it applies to BC Hydro's Wholesale Transmission Services Tariff and tariffs that are successors to or replacements of the tariff. The exemption is for power flowing on the electric transmission system now owned by BC Hydro scheduled pursuant to the Line 71 Agreement and the Line 71 Amending Agreement.

For purposes of this exemption, the references to "BC Hydro" include any public utility that is a successor operator of the utility's system.

G-35-04 TERASEN GAS

Approved the Agreement as a Rate Schedule 25 Tariff Supplement and the cancellation of the Further Amended and Restated Bypass Transportation Agreement dated June 1, 2004, currently filed as Tariff Supplement No. E-2, effective November 1, 2004, subject to Dunkley Lumber Limited complying with the terms of the Letter Agreement dated March 16, 2004.

G-36-04 TMUS

Approved increases in natural gas rates, effective January 1, 2004, as set out in the application dated February 19, 2004, for Rate Schedule 1 - Residential Service and Rate Schedule 2 - Small Commercial Service customers.

G-37-04 TERASEN GAS

Ordered that the application for approval of Rate Schedules 7, 10, 14 and 14A for the November 1, 2004 through October 31, 2005 Gas Year be examined in a written public hearing process.

G-38-04 FORTISBC (AQUILA)

Approved the 2004 Revenue Requirements Negotiated Settlement as issued on March 23, 2004, and approved a general rate increase of 4.30 percent for all customer classes effective with consumption on and after May 1, 2004.

G-39-04 FORTISBC (AQUILA)

Approved, pursuant to Section 54 of the Act, the acquisition by Fortis Pacific Holdings Inc. of a reviewable interest in Aquila Networks Canada (British Columbia) Ltd. The utilities are to file quarterly reports on acquisition and transition activities as required in the Commission's Reasons for Decision.

G-40-04 FORTISBC (AQUILA)

Approved, pursuant to Section 54(5) of the Act, the registration of a transfer of the common shares of Aquila Networks Canada (British Columbia) Ltd. to Fortis Pacific Holdings Inc. The proceeds of sale of the issued and outstanding Common Shares are, in their entirety, to be allocated to or otherwise accrue to the benefit of the shareholders of Aquila.

G-42-04 BC HYDRO/BCTC

Ordered that the public hearing into the 2004/05 and 2005/06 Revenue Requirements and Deferral Accounts commence on May 18, 2004 in Vancouver and that the Final Argument be in writing.

Ordered that the Section 45(6.2) review of the Resource Expenditure Allocation Plan be heard as part of this proceeding and that the Georgia Straight Crossing Concerned Citizens Coalition request for directions to BC Hydro regarding various information requests, responses and exhibits be declined.

G-43-04 BC HYDRO

Approved the changes proposed in the Utility's April 6, 2004 Application to amend the Electric Tariff to define the Basic Charge and include prorated daily charges.

G-44-04 TERASEN GAS

Ordered for the utility's Lower Mainland, Inland and Columbia Service Areas that Commodity Cost Recovery Charges will increase to the levels determined using April 19, 2004 forward gas prices, and that midstream Cost Recovery Charges will reduce by offsetting amounts, both effective May 1, 2004, pursuant to Section 61(4) of the Act. The total of the Commodity Cost Recovery Charges and the Midstream Cost Recovery Charge for each rate class will continue to be equal to the Gas Cost Recovery Charge that was effective January 1, 2004.

G-45-04 BC HYDRO

Approved the cancellation of Tariff Supplement No. 60 being the Bypass Rate Special Electric Service Agreement with Canfor Corporation, effective May 6, 2004.

G-46-04 BC HYDRO

Ordered that the Application for Reconsideration and Variance of certain parts of the June 5, 2003 Decision in the matter of Centra Gas British Columbia Inc. (now TGVI) 2002 Rate Design Application be denied as set forth in the Reasons for Decision.

G-47-04 TERASEN GAS

Approved amendments to Rate Schedule 36 - Appendix "C" Notice of Appointment of Marketers standard form, effective immediately, pursuant to Section 71.1(6) of the Act.

G-48-04 FORTISBC (AQUILA)

Approved an extension to the May 16, 2000 Wholesale Transmission Service Agreement with BC Hydro for the transmission of power from the South Slocan Generating Station to the Princeton substation during off-peak hours for the period May 1, 2004 to July 31, 2004.

G-49-04 ICBC

Approved the Negotiated Settlement Agreement relating to Performance Measures and Basic Insurance Information Sharing as issued on May 7, 2004.

G-50-04 TERASEN (WHISTLER)

Approved the fixing of $8 million of debt with Terasen Inc. for a term of five years at an interest rate of 4.90 percent.

G-51-04 PLP

Approved the 2004/05 Revenue Requirements and Pass-through of Increased Power Purchase Costs Application with a permanent overall increase in energy rates of 4.3 percent, effective May 1, 2004 and permanent increases to Service and Access charges effective April 1, 2004, subject to the adjustments specified in the Reasons for Decision. The utility is to refund to customers with interest the difference between interim and permanent rates, as necessary, to report the results of the refund and to advise customers of the permanent increase in rates.

G-52-04 FORTISBC

Approved the May 5, 2004 Bypass Rate Agreement with Pope and Talbot as Tariff Supplement No. 8, effective May 31, 2003.

G-53-04 FORTISBC

Established a written public hearing process to review the Application to Replace Residential Rate Discount.

G-54-04 BC HYDRO

Authorized the utility to carry forward in a designated account those costs, for which provision was made in respect of the Vancouver Island Generation Project and Georgia Strait Crossing in the Fiscal 2004 financial statements, together with any carrying charges associated with those costs until: (i) the current CFT process in connection with supply to Vancouver Island is complete; (ii) BC Hydro has brought an application providing for the manner in which those costs may be recovered in rates; and (iii) the Commission has made a determination thereon.

G-55-04 BCUC

Rescinded Order No. G-84-92 pertaining to the generic guidelines for the reconsideration by the Commission of previous Commission Decisions or Orders.

G-56-04 FortisBC

Amended the Regulatory Timetable for the written public hearing process to review the Application to Replace Residential Discount.

G-57-04 BCUC

Ordered that a levy, at the rate of $0.0089235339 per GJ equivalent of energy sold for the calendar year 2003 shall be paid by, and collected from, all public utilities for the recovery of Commission expenses in the 2004/05 fiscal year commencing April 1, 2004.

Pursuant to Levy Regulation 283/88 and Letter No. L-39-96, the upstream natural gas processors and intraprovincial oil pipelines shall pay $1,000 for the fiscal year commencing April 1, 2004.

G-58-04 PNG/PNG (N.E.)

Approved for PNG-West, PNG (N.E.) Fort St. John/Dawson Creek, and PNG (N.E.) Tumbler Ridge an increase in Natural Gas Tariff Rate Schedules that will permit a recovery from customers of natural gas costs pursuant to the June 8, 2004 natural gas forward prices, using rates effective July 1, 2004. Company Use Gas charges were not affected by this Order.

The Gas Cost Variance Account rider for PNG (N.E.) Fort St. John/Dawson Creek will be zero effective July 12, 2004.

G-59-04 Terasen Gas

Ordered an increase in the Commodity Cost Recovery Charges for natural gas customers as set out in Terasen Gas' Revised 2004 Second Quarter Report using the June 7, 2004 forward gas prices, effective July 1, 2004. The propane reference price for the Revelstoke Propane Cost Deferral Account will also increase from $0.2358 per litre to $0.2600 per litre and rates for Revelstoke propane customers will increase by $0.973 per gigajoule, effective the same date.

G-60-04 Terasen (Squamish)

Approved rate increases to Large General Service, Competitive Range Rate and Apartment Customer Rate-1 customers effective July 1, 2004.

G-61-04 BCTC

Approved the Reliability Management System Agreement and the Reliability Criteria Agreement dated April 13, 2004, pursuant to Sections 23 and 38 of the Act, effective April 28, 2004. The executed agreements are to be filed by July 16, 2004.

G-62-04 Terasen (Whistler)

Approved a $1.118 per gigajoule increase in Rider A to $1.494 per gigajoule effective July 1, 2004.

G-63-04 BCTC

Established a written public hearing and Regulatory Agenda for the review of the Transmission System Capital Plan.

G-64-04 Terasen Gas

Approved the Rate Schedules 14 and 14A tariffs, including the Swing Premium under the Annual Fixed Price Option of $0.93 per gigajoule, except that the Market Factor Premium will be the greater of $0.06 per gigajoule or actual transaction cost and the Gas Management Fee under Rate Schedule 14A will be $0.05 to $0.09 per gigajoule. Also approved were the extension of the Rate Schedule 10 tariff without material change and the extension of the Rate Schedule 7 tariff with the elimination of the Index Rate Option. The utility will comply with the other directions set out in the Reasons for Decision that accompanies this Order and will file a report for Rate Schedules 14 and 14A within 30 days of the end of each month, summarizing gas purchase and sales quantities, and costs and revenue for each rate option for the month.

G-65-04 FortisBC/BC Hydro

Approved Agreements and Tariff Amendments relating to the Kootenay 230 kV System Development Project as follows:

- For FortisBC the Agreements shown as Agreements 1 through 6 and Agreements 9 through 12 on Appendix A to this Order, effective July 8, 2004.
- For BCTC the General Wheeling Agreement Amending Agreement (2004) between BC Hydro and FortisBC, dated April 5, 2004,

- amending BC Hydro Electric Tariff Supplement No. 2 and the amendment to Rate Schedule 3817, as the Tenth Revision of Page C-82 of the BC Hydro Electric Tariff, effective April 14, 2004.

- For BC Hydro the Power Purchase Agreement Amending Agreement (2004) between BC Hydro and FortisBC, dated April 5, 2004, amending BC Hydro Electric Tariff Supplement No. 3, effective April 14, 2004.

G-66-04 ICBC

Established an oral public hearing to be held following a Workshop and a Pre-hearing Conference to be held in Vancouver on July 29, 2004 in regard to the ICBC application for approval of a Financial Allocation Methodology, their filing relating to Road Safety and Collection of Data Relating to Age Sex and Marital Status and their filing, to be submitted by July 12, 2004, containing Actuarial and 2005 Financial Information.

G-67-04 TERASEN (SQUAMISH)

Approved amendments to the Gas Tariff including Terms, Conditions, Regulators and Rates for Gas Service in Squamish, British Columbia to reflect the company's name change from Squamish Gas Co. Ltd. to Terasen Gas (Squamish) Inc.

G-68-04 PENGROWTH CORPORATION

Approved an exemption from Section 71 and Part 3 (except Section 22) of the Act for the sale and delivery of power to L&E Consulting Ltd. for use in its camp at area LSD-21-K/94-H-2.

G-69-04 PNG

Order issuing the Commission's Decision on the 2004 Revenue Requirements application and directing as follows:

- The adjustments contained in the Decision issued concurrently with this Order will result in a 2004 revenue deficiency that is lower than the revenue deficiency used as a basis for setting the 2004 interim rate increases, which are subject to refund with interest as directed by Order No. G-85-03. The utility is to report the average refund by customer class resulting from the 2004 permanent rates and to advise whether it should occur as a credit or refund payment.

- Approved the Memorandum of Agreement between West Fraser Mills and the utility as set out in Chapter 2 of the Decision, effective January 1, 2004.

G-70-04 PNG

Commission Decision denying the application to recapitalize under an income trust ownership structure.

G-71-04 PNG (N.E.)

Reduced the 2004 revenue deficiency in the utility's application for 2004 Rate amendment by $52,000 for the Fort St. John/Dawson Creek Division and by $22,000 for the Tumbler Ridge Division. Directed the utility to file an amended Summary of Rates and Bill Comparison schedule conforming to the terms of the Reasons appended to this Order, along with a method for refunding excess payments back to customers in the Fort St. John/Dawson Creek Division and to file an amended Summary of Rates and Bill Comparison schedule for the Tumbler Ridge Division with direction to recover the remainder of the approved forecast 2004 revenue deficiency over the five month period from August 1, to December 31, 2004. The interim rates are set as permanent from January 1, to July 31, 2004.

G-72-04 PLP

Approved the amendments to Electric Tariff BCUC No. 5, Section 6.7 Back-billing, effective August 1, 2004, and denied the amendments to Electric Tariff BCUC No. 5, Section 5.2 Metering Location.

G-73-04 BCTC

Amended the Regulatory Timetable established in Order No. G-63-04 for the review of the Transmission System Capital Plan application.

G-74-04 BCTC

Established a Pre-hearing Conference in Vancouver on August 17, 2004 to address procedural matters related to the review of the Open Access Transmission Tariff application.

G-75-04 ICBC

Ordered that the utility's application for approval of a Financial Allocation Methodology, their filing relating to Road Safety and Collection of Data Relating to Age Sex and Marital Status and their filing containing Actuarial and 2005 Financial Information for Universal Compulsory Automobile Insurance be examined in an Oral Public Hearing in accordance with the Regulatory Agenda and Timetable and list of issues.

G-76-04 PLP

Approved the Amendment of the Business Credit Agreement dated July 9, 2003 to include a new demand loan of $460,000 and reduction of its Letter of Credit with Canadian Imperial Bank of Commerce dated July 22, 2004 to $125,000 covering the period July 31, 2004 to July 30, 2005.

G-77-04 FORTISBC

Approved the issuance of senior unsecured debentures to an aggregate principal amount not to exceed $150 million for terms between 10 to 30 years with all-in rates in the range of 6.5 percent for a 10 year term to 7.5 percent for a 30-year term. Approved an amended Credit Agreement for indebtedness with a total not to exceed $100 million payable in more than one year from its date of issue.

G-78-04 TERASEN GAS

Approved the Amended and Restated Gas Sales Agreement with Terasen (Squamish) dated July 1, 2004 as Tariff Supplement No. I-3, effective July 1, 2004.

G-79-04 TGVI

Established a Pre-hearing Conference to address procedural matters regarding the review of the utility's Resource Plan dated June 18, 2004 and the CPCN for a Liquefied Natural Gas Storage Project.

G-80-04 TERASEN GAS

Approved the proposed methodology for determination of the fixed commodity charge for the Stable Commodity Rate Residential Service (Rate Schedule 1S) effective August 13, 2004 for an initial program offering period of January 1, 2005 to December 31, 2005 and the Terms and Conditions (previously approved under Order No. G-90-03).

The fixed level for the Stable Rate Option Total Commodity rate is $7.591/GJ and the Total Midstream rate is $.799/GJ for a Total Commodity Charge of $8.390/GJ for the period January 1, 2005 to December 31, 2005.

G-81-04 BCTC

Ordered that the BC Hydro Interconnected Operations Services Application be heard at a public hearing on January 4, 2005 at the same time as BCTC's Open Access Transmission Tariff Application, with one evidentiary record for both Applications.

G-82-04 FORTISBC

Approved the amendment to the utility's Electric Tariff, Terms and Conditions of Service, to replace the bi-monthly customer charge of $21.19 and a flat energy rate of 6.659 cents per kWh, both subject to a 10 percent discount given to residential customers for prompt payment, with a bi-monthly customer charge of $19.35 and a flat energy rate of 6.08 cents per kWh, both subject to a 1.5 percent late payment charge, effective October 1, 2004.

G-83-04 TGVI

Established an oral public hearing to commence on November 17, 2004 in Nanaimo for the review of a Resource Plan dated June 18, 2004 and for a CPCN for a Liquefied Natural Gas Storage Project.

G-84-04 TERASEN GAS

Approved a rate increase for the Fort Nelson Service Area of $0.389/GJ, increasing the Gas Cost Recovery Charge to $6.228/GJ, effective October 1, 2004.

G-85-04 TERASEN GAS

Approved an increase to the propane reference price for the Revelstoke Propane Cost Deferral Account to $0.2810 per litre and an increase in rates for Revelstoke propane customers of $0.844/GJ, effective October 1, 2004.

G-86-04 TERASEN (WHISTLER)

Approved a $0.836/GJ propane cost increase in Rider A to $2.330/GJ, effective October 1, 2004.

G-87-04 TGVI

Approved the establishment of GCVA Rate Riders, effective October 1, 2004.

G-88-04 TERASEN GAS

Determined that a public hearing would not be convened at this time to review the Return on Equity automatic adjustment mechanism and related capitalization issues. Reasons for Decision were appended to the Order.

G-89-04 PNG

Approved for the Granisle Propane Grid System an increase in the Gas Supply Charge of $0.91/GJ to $12.789/GJ, effective October 1, 2004.

G-90-04 TERASEN GAS

Ordered that the utility establish an entry date of February 1, 2005 for customers of the Commodity Unbundling Program, accept enrollments for this entry after October 1, 2004 and to file permanent Gas Tariff Rate Schedule amendments.

G-91-04 TERASEN GAS

Approved the September 21, 2004 application to enter into Lease-In\Lease-Out arrangements with the City of Prince George.

G-92-04 BCTC/BC HYDRO

Ordered the amendment of the BCTC Regulatory Timetable established by Order No. G-81-04 regarding the BCTC Open Access Transmission Tariff and BC Hydro Interconnected Operations Services Application.

G-93-04 FORTISBC

Approved the communication to customers regarding the replacement of residential discounts as required by Commission Order No. G-82-04 and the extended implementation date of November 1, 2004.

G-94-04 TMUS

Approved an increase from $10.87/GJ to $12.59/GJ in the utility's propane Gas Cost Recovery Charge in its Panorama Service area effective October 1, 2004, and accepted the Propane Supply Contract between the utility and MP Energy from the period October 1, 2004 to March 31, 2005, subject to filing of the fully executed contract document and pursuant to Section 71 of the Act and the Rules for Energy Supply Contracts.

G-95-04 TERASEN GAS/TGVI

Established an Annual Review of the 2005 Revenue Requirement material of both utilities to be held November 19, 2004 in Vancouver.

G-96-04 BC HYDRO/BCTC

Denied the applied-for total F2005 rate increase of 8.9 percent by BC Hydro in its 2004/05 and 2005/06 Revenue Requirements application, and the reduction to certain wholesale customers' service rates. The utility is to calculate F2005 rates and file financial schedules A to E inclusive of the Application by November 15, 2004, and permanent rates for F2005 and F2006 are to be based on the utility's allowed pre-income tax rate of return on equity for F2005. If the F2005 permanent rates are less than the interim rate of 7.23 percent, customers are to be refunded the difference in revenue with interest at the average prime rate of the principal bank with which the utility conducts its business. Following the determination of 2005 allowed rate of return on equity and the effective income tax rate for Terasen Gas Inc., BC Hydro is to apply to adjust its F2006 tariff rates based on its allowed pre-tax rate of return on equity for F2006.

Approved BC Hydro's Wholesale Transmission Service rate application and rates, subject to the adjustments required by the Commission's Decision.

Approved the utilities requests for deferral accounts and carrying costs, except for BC Hydro's distribution emergency restoration cost element in the Non-Heritage Deferral Account.

G-97-04 TGVI

Approved the Amending Agreement dated October 28, 2004 that amends the Transportation Service Agreement, Peaking Agreement, Capacity Assignment Agreement and the Compressor Facility Agreement, subject to the utility filing the fully executed agreement in a timely fashion.

G-98-04 TERASEN GAS

Approved the Gas Supply Mitigation Incentive Program for the 2004/05 gas contract year from November 1, 2004 thorough October 31, 2005.

G-99-04 BC HYDRO

Established a Procedural Conference to take place on November 29, 2004 in Vancouver regarding the regulatory process for the review of the utility's Section 71 Electricity Purchase Agreement.

G-100-04 TMUS

Approved increases in Gas Cost Recovery Charges, effective November 1, 2004 to $7.547/GJ for Rate Schedule 1 - Residential Service and to $7.631/GJ for Rate Schedule 2 - Small Commercial Service.

G-101-04 SUN PEAKS

Accepted, pursuant to Sections 71 and 61(4) of the Act, the Second Modification Agreement dated April 1, 2004 extending the Propane Supply Agreement between MP Energy Partnership and Terasen Utility Services Inc. and approved a Gas Commodity Charge - Propane of $13.53/GJ and a Gas Commodity Charge - GCRA of $1.00/GJ, both effective October 30, 2004.

G-102-04 TERASEN GAS

Approved the discontinuance of the Manual Consumption Request Service for the Commercial Commodity Unbundling Program.

G-103-04 BCTC

Ordered that the Transmission System Capital Plan meets the requirements of Section 45(6.1) and Section 45(6) of the Act and, pursuant to Section 45(6.2)(b), determined that the expenditures for projects referred to in Section 5.2 of the Capital Plan are in the public interest.

The utility is exempt from the provisions of Directive No. 6 of Order No. G-44-89 and is to comply with other directions as set out in the Reasons for Decision appended to this Order.

G-104-04 CANADIAN FOREST PRODUCTS LTD.

Exempted Canadian Forest Products, its successors and assigns, from Section 71 and Part 3 of the Act (except Section 22), in respect of the Pulp Mills and the provision of steam to the Chemical Facility from the Pulp Mills.

G-105-04 TERASEN GAS

Approved the Transportation Service Agreement with Tembec Industries Inc.-Chetwynd Operations as Rate Schedule 27 Tariff Supplement No. E-11 effective November 1, 2004.

G-106-04 BC HYDRO

Established an or public hearing for the Call for Tenders for Capacity on Vancouver Island - Review of Electricity Purchase Agreement to commence January 11, 2005 in Vancouver.

G-107-04 TMUS

Approved a permanent rate increase of 4.85 percent in Electric Tariff rates for all customers in the Sun Rivers service area, effective November 1, 2004.

G-108-04 PNG

Approved a new Credit Facility of $35,000 with the Bank of Montreal, pursuant to Sections 50 and 52 of the Act.

G-109-04 PNG (N.E.)

Approved the provision of a guarantee to the Bank of Montreal and security for the guarantee, pursuant to Sections 50 and 52 of the Act.

G-110-04 TERASEN GAS

Approved for the Commercial Commodity Unbundling Program Deferral Account the recovery of costs by way of Rate Rider 8 set at $0.056/GJ effective January 1, 2005, as a Midstream Cost Recovery Charge for Rate Schedules 2, 2U, 3 and 3U customers excluding Revelstoke and Fort Nelson. Approved the recovery of costs for the Stable Commodity Rate Residential Service Program Deferral Account by way of Rate Rider 9 set at $0.006/GJ effective January 1, 2005, as a Commodity Related Rider for program costs for Rate Schedule 1 and 1S customers excluding Revelstoke and Fort Nelson. The Rate Schedule 1S Stable Rate Charge is reset from $7.591/GJ to $7.585/GJ effective January 1, 2005 and the commodity related charges will consist of the revised stable rate charge, the midstream cost recovery charge of $0.799/GJ and the new Rate Rider charge of $0.006/GJ. These charges will continue to total $8.390/GJ.

G-111-04 FORTISBC

Approved an interim rate increase of 3.7 percent, effective January 1, 2005, subject to refund with interest calculated at the average prime rate of the principal bank with which the utility conducts its business.

A regulatory process is established to review the 2005 Revenue Requirements Application, the 2005-2024 System Development Plan and the 2005 Resource Plan.

G-112-04 TERASEN GAS

Approved the 2005 Revenue Requirement Application for a decrease in delivery rates effective January 1, 2005 as adjusted by the Reasons for Decision appended to this Order and will accept an amended Summary of Delivery-related Rate Changes and Rate Impact Tables as contained in Tabs 2 and 3 of the Application, pursuant to Sections 23, 60 and 61 of the Act.

G-113-04 TGVI

Approved the 2003 actual revenue requirements as filed in the revised application and issued Reasons for Decision.

G-114-04 PNG

Established a Pre-hearing Conference to be held on January 20, 2005 in Vancouver to address procedural matters in regard to the 2005 Revenue Requirements Application to amend its rates, effective January 1, 2005 and its application to convert to an income trust structure.

G-115-04 PNG (N.E.)

Established a written public hearing process to examine the 2005 Revenue Requirements Application to amend rates, and approved interim rate changes in the delivery rates for all classes of customers, effective January 1, 2005.

G-116-04 TERASEN (SQUAMISH)

Approved amendments to natural gas customer rates for SGS, LGS, CRR and ACR-1 customers effective January 1, 2005.

G-117-04 PLP

Approved a 3.7 percent interim increase to the energy component of rates for all customers, effective January 1, 2005, subject to refund with interest calculated at the average prime rate of the principal bank with which the utility conducts its business. A final rate determination will be made following the Commission's Decision on FortisBC's 2005 Revenue Requirements.

G-118-04 BC HYDRO

Approved amendments to Rate Schedule 1852: Transmission Service - Modified Demand and Rate Schedule 1880: Transmission Service - Emergency, Maintenance and Special Supply, effective January 1, 2005.

G-119-04 BC HYDRO

Ordered a Phase 1 reconsideration process in the Call for Tenders for Capacity on Vancouver Island - Review of Electricity Purchase Agreement process to consider whether the Joint Industry Electricity Steering Committee reconsideration application established a prima facie case sufficient to warrant full consideration, and revised the Regulatory Agenda for the Public Hearing proceeding.

Denied as premature the applications by the BC Old Age Pensioners Organization et al. and the Joint Industry Electricity Steering Committee for reconsideration of a Commission Panel Determination related to the disclosure of confidential information, and denied the requests by Vanport Sterilizers Inc. related to resource options as outside the scope of the proceeding.

Directed that the disclosure of Appendix 3, except sections 1.1(hh), 1.1(ii), and 1(jj), to the Electricity Purchase Agreement. Reasons for Decision were issued.

G-120-04 BCTC/BC HYDRO

Amended the Regulatory Timetable for the BCTC Open Access Transmission Tariff and BC Hydro Interconnected Operations Services to BCTC Applications established by Order No. G-84-04 and amended by Order No. G-92-04.

G-1-05 BC HYDRO

Issued Reasons for Decision denying the Duke Point Power Limited Partnership application for two Orders on the Call for Tenders for Capacity on Vancouver Island/Review of Electricity Purchase Agreement.

G-2-05 STARGAS

Directed that the current rates for residential and commercial customers be set as interim effective January 1, 2005. Stargas is to file a revised application by July 18, 2005 that contains the actual results from January 1, 2005 to May 31, 2005 and forecast results for June 1, 2005 to December 31, 2005.

G-3-05 TGVI

Approved the Amending Agreement which amends the Transportation Service Agreement, Peaking Agreement, Capacity Assignment Agreement and the Compressor Facility Agreement with BC Hydro for the transportation of natural gas.

G-4-05 TERASEN GAS

Approved an Amending Agreement dated December 17, 2004 amending the BC Hydro Bypass Transportation Agreement and the Wheeling Agreement with TGVI, effective January 1, 2005.

G-5-05 TERASEN GAS

Approved Rate Schedule 22B Tariff Supplements No. G-14, G-15 and G-19 with Elk Valley Coal for its coal mine site operations at Fording River, Greenhills and Line Creek, for a period of two years, effective November 1, 2004.

G-6-05 TERASEN GAS

Approved Tariff Supplement No. A-5, for Large Commercial Service to Stargas effective October 1, 2004 to October 31, 2004.

Approved Tariff Supplement No. E-13, for General Firm Transportation Service to Stargas effective November 1, 2004 to November 1, 2009.

G-7-05 CITY OF NELSON

Approved and accepted for filing Electrical Utility Amendment By-Law No. 3026, 2005 incorporating a 2.50 percent rate increase to all customers, effective January 1, 2005.

G-8-05 BCTC

Established a Pre-hearing Conference to address procedural matters for the review of the F2006 Revenue Requirements Application.

G-9-05 ICBC

Order issuing the Commission's Decision on the Financial Allocation Methodology Application.

G-10-05 PNG

Approved a new credit facility of $20,000,000 and risk management facility with the Bank of Montreal, the provision of a guarantee to Bank of Montreal in respect of the obligations of PNG (N.E.) for the credit facility, and the provision of security for the credit facility, risk management facility and guarantee.

PNG is to inform the Commission immediately of any significant departure in the terms and conditions of the indebtedness as presented in the Term Sheet and other documents supporting this Application.

For 2004, PNG will record all net benefits or costs from the new credit facility in the existing interest expense deferral account.

G-11-05 PNG (N.E.)

Approved a new credit facility of $20,000,000 with the Bank of Montreal, the provision of a guarantee to Bank of Montreal in respect of the obligations of PNG for the credit facility and a risk management facility, and the provision of security for the credit facility and guarantee.

G-12-05 BCTC

Approved the Standards of Conduct setting out the respective roles and responsibilities of BCTC and BC Hydro regarding the planning, operation, management, and maintenance of the transmission system

G-13-05 BC HYDRO

Approved the Standards of Conduct setting out the respective roles and responsibilities of BC Hydro and BCTC regarding the planning, operation, management, and maintenance of the transmission system

G-14-05 FORTISBC

Amended the Regulatory Timetable set down in Order No. G-111-04 regarding the oral public hearing to review the 2005 Revenue Requirements, 2005-2024 System Development Plan and 2005 Resource Plan filings.

G-15-05 PNG

Established an oral public hearing to review the 2005 Income Trust Application.

G-16-05 TERASEN GAS

Approved amendments to Rate Schedule 6 - NGV Service Grant Program that will allow promotional incentive grants to be paid to customers who convert their vehicles to consume natural gas.

G-17-05 BCTC

Established a Pre-hearing Conference to address procedural matters with respect to the F2006 Revenue Requirements Application.

G-18-05 CANADIAN FOREST PRODUCTS LIMITED

Approved Canfor's request that BC Hydro retroactively adjust the bill for the Upper Fraser Sawmill Division to remove the impact of Billing Demand charges determined using the demand ratchet mechanism in Rate Schedule 1821. The adjustment should apply to the August 2003 to May 2004 billing periods.

G-19-05 BC HYDRO AND BCTC

Denied the Independent Power Producers Association of BC and BC Citizens for Public Power requests for reconsideration of the participant funding awards approved by Order No. F-17-04 for the 2004/05 and 2005/06 Revenue Requirements Application and the Application for Deferral Accounts.

G-20-05 FORTISBC

Approved all 2004 Incentive Adjustments as shown on page 22 of Appendix A of the 2005 Revenue Requirements Application.

G-21-05 FORTISBC

Approved amendments to the Electric Tariff, Terms and Conditions of Service, First Revision of Sheet TC 18 - Interruptions and Defects in Service with respect to Utility liability.

G-22-05 KeySpan Energy Canada Partnership

Approved the exemption from Part 3 of the Act, other than Sections 24 and 25, of facilities which KeySpan uses to transport or process natural gas for others.

G-23-05 TMUS

Approved changes to the Basic Charges, Delivery Charges and Gas Cost Recovery Charges (Rate Schedule 1 - Residential Service and Rate Schedule 2 - Small Commercial Service) for natural gas service to customers at the Sun Rivers Resort Community.

G-24-05 Fortis Pacific Holdings Inc.

Approved an exemption from the requirement to file the March 1, 2005 quarterly report on transition activities with regard to the acquisition of Aquila Networks Canada (British Columbia) Ltd.

G-25-05 BCTC

Set down for a negotiated settlement process, the Application for 2006 Revenue Requirements.

G-26-05 Terasen (Whistler)

Approved amendments to the Gas Tariff, General Terms and Conditions of Service and Rate Schedules pursuant to the Utility's name change from Centra Gas Whistler Inc. to Terasen Gas (Whistler) Inc.

G-27-05 Terasen (Squamish)

Approved amendments to the Competitive Range Rate schedules effective April 1, 2005 under the terms of the Vancouver Island Natural Gas Pipeline Act.

G-28-05 BC Hydro

Established a Procedural Conference to address procedural matters relating to the Transmission Service Rates Application.

G-29-05 Terasen (Whistler)

Approved an increase in Rider A for the Whistler propane rates.

G-30-05 Terasen Gas

Approved an increase to the propane reference price for the Revelstoke Propane Cost Deferral Account and an increase in rates for Revelstoke propane customers, effective April 1, 2005.

G-31-05 PNG (N.E.)

Directed that the Tumbler Ridge Gas Supply Charge be reduced to $6.253/GJ and the Tumbler Ridge GCVA Rider be reduced to zero effective April 1, 2005.

G-32-05 BC Hydro

Approved on an interim basis effective April 1, 2005, the F2006 allowed return on equity in accordance with Special Direction HC2 and the F2005 and F2006 Revenue Requirements Decision. The allowed return on equity is subject to adjustment following TGI's recalculation of its 2005 income taxes as required by Letter No. L-23-05.

C-2-04 **TERASEN GAS**

Approved the extension of the Franchise Agreement with the Corporation of the City of Grand Forks from March 31, 2004 to December 31, 2004.

C-3-04 **TERASEN GAS**

Approved the March 1, 2004 Franchise Amendment Agreement with the Corporation of the City of Nelson and granted Terasen Gas a CPCN for natural gas service in the City of Nelson to February 28, 2021.

C-4-04 **FORTISBC**

Issued a CPCN to rebuild the Unit No. 6 Headgate at the Upper Bonnington Hydroelectric Generating Plant. A final report and cost summary are to be filed following completion of the Project.

C-5-04 **TERASEN GAS**

Issued a CPCN for Transmission Pipeline Integrity Plan Capital Expenditures in 2004 and 2005. The utility will file a report on TPIP activities during the year, including work done, costs, results of In-line Inspection tool runs and also the results of its Integrity Management Program within 60 days of the end of each calendar year, or as soon thereafter as possible.

C-6-04 **FORTISBC**

Issued a CPCN for the Joe Rich Reconductoring Project. A final report is to be filed explaining variances greater than 10 percent of the Project's estimated budget.

C-7-04 **TGVI**

Approved the Municipal Gas Operating Agreement with the District of Highlands for the period commencing March 28, 2003 and terminating March 28, 2024, subject to the utility providing a fully executed copy of Bylaw No. 188 to the Commission by August 27, 2004.

C-8-04 **TERASEN GAS**

Approved a further extension to the October 31, 2004 CPCN and Schedules "A" and "B" in the City of Prince George.

C-9-04 **TERASEN GAS**

Approved the extension of the Franchise Agreement with the Corporation of the City of Fernie from July 25, 2004 to December 31, 2004.

C-10-04 **TERASEN GAS**

Approved the extension of the Gas Franchise Agreement with the City of Kimberley from July 4, 2004 to December 31, 2004.

C-11-04 **TERASEN GAS**

Approved the extension of the Gas Franchise Agreement with the District of 100 Mile House from July 1, 2004 to December 31, 2004.

C-12-04 **TERASEN GAS**

Approved the extension of the Gas Franchise Agreement with the District of Hudson's Hope from July 1, 2004 until June 30, 2005 or sixty days after the Commission's approval of a new operating Agreement between Terasen and Hudson's Hope, whichever is earlier.

C-13-04 **TERASEN GAS**

Approved the extension of the Gas Franchise Agreement with the District of Chetwynd from July 1, 2004 to June 30, 2005.

C-1-05 **BCTC**

Approved the System Control Modernization Project for the construction of two new control centres, the replacement of the Energy Management System and various telecommunication upgrades. Reasons for Decision were issued with the Order.

C-2-05 TGVI

Accepted the 2004 Resource Plan for filing, pursuant to subsections 45(6.1) and 45(6.2) of the Act. Issued the Commission's Decision approving a CPCN for the Liquefied Natural Gas Storage Facility as set out in the August 4, 2004 application, subject to conditions.

C-3-05 CAL-GAS

Approved the construction and operation of an underground propane grid system at Canyon Ridge Estates near Golden, BC.

Natural Gas Marketer Licences
(formerly Agents/Brokers/Marketers Licences)

A-1-04 **CEG Energy Options Inc.**

Issued a Gas Marketer Licence for the period of May 1, 2004 to October 31, 2005 subject to conditions.

A-2-04 **Columbia Energy Inc.**

Issued a Gas Marketer Licence for the period of May 1, 2004 to October 31, 2005 subject to conditions.

A-3-04 **Energy Savings (B.C.)**

Issued a Gas Marketer Licence for the period of April 29, 2004 to October 31, 2005 subject to conditions.

A-4-04 **Direct Energy Marketing Ltd.**

Issued a Gas Marketer Licence for the period of June 1, 2004 to May 31, 2005 subject to conditions.

A-5-04 **Nexen Marketing**

Issued a Gas Marketer Licence for the period of November 1, 2004 to October 31, 2005 subject to conditions.

A-1-05 **Direct Energy Marketing Ltd.**

Approved a Gas Marketer Licence for the period February 1, 2005 to January 31, 2006 subject to conditions.

Other Orders

ENERGY SUPPLY CONTRACTS

E-2-04	BC Hydro	Electricity Purchase Agreements and Amending Agreements
E-2-05	Stargas	Natural Gas Supply and Management Services Agreement with Direct Energy Marketing Limited
E-3-04	Terasen	Natural Gas Storage and Related Transportation Agreements for the 2004/2005 Contract Year
E-4-04	PNG	2003/2004 Gas Supply Contracts
E-5-04	PNG	2004/05 Natural Gas Supply and Propane Contracts
E-6-04	Terasen	2004/05 Natural Gas Supply Contracts and Emergency Delivery Pressure Agreement with Westcoast Energy Inc.
E-7-04	Port Alice Gas	Extension to the Propane Gas Supply Contract
E-1-05	BC Hydro	Electricity Purchase Agreement - Call for Tenders for Capacity on Vancouver Island

PARTICIPANT ASSISTANCE/COST AWARDS

F-2-04	BC Hydro/ BCTC	2004/05 and 2005/06 Revenue Requirements/Deferral Accounts - $3,608.40
F-3-04	BC Hydro/ BCTC	2004/05 and 2005/06 Revenue Requirements/Deferral Accounts - $4,945
F-4-04	BC Hydro/ BCTC	2004/05 and 2005/06 Revenue Requirements/Deferral Accounts - $7,297.20
F-5-04	Aquila (FortisBC)	2003 Annual Review and 2004 Revenue Requirements - $21,073.26
F-6-04	BC Hydro	Net Metering Rate Schedule 1289 - $3,920.31
F-7-04	BC Hydro/ BCTC	2004/05 and 2005/06 Revenue Requirements/Deferral Accounts - $29,777.05
F-8-04	BC Hydro/ BCTC	2004/05 and 2005/06 Revenue Requirements/Deferral Accounts -$25,442.20
F-9-04	ICBC	Performance Measures and Basic Insurance Information Sharing - $15,975.64
F-10-04	BC Hydro/ BCTC	2004/05 and 2005/06 Revenue Requirements/Deferral Accounts - $33,267.20

PARTICIPANT ASSISTANCE/COST AWARDS
(Continued)

F-11-04	BC Hydro/ BCTC	2004/05 and 2005/06 Revenue Requirements/Deferral Accounts - $30,286.00
F-12-04	BC Hydro/ BCTC	2004/05 and 2005/06 Revenue Requirements/Deferral Accounts - $28,259.06
F-13-04	ICBC	Performance Measures and Basic Insurance Information Sharing - $1,425.00
F-14-04	BC Hydro	2004/05 and 2005/06 Revenue Requirements/Deferral Accounts - $9,929.90
F-15-04	PNG (N.E.)	2004 Revenue Requirements - $12,668.04
F-16-04	PNG	2004 Revenue Requirements and Recapitalize Under an Income Trust Ownership Structure - $53,504.47
F-17-04	BC Hydro/ BCTC	2004/05 and 2005/06 Revenue Requirements/Deferral Accounts - $989,642.38
F-1-05	BC Hydro	Call for Tenders for Capacity on Vancouver Island/Electricity Purchase Agreement - $60,171.60
F-2-05	BC Hydro	Call for Tenders for Capacity on Vancouver Island/Electricity Purchase Agreement - $51,569.07
F-3-05	BC Hydro	Call for Tenders for Capacity on Vancouver Island/Electricity Purchase Agreement - $15,417.80
F-4-05	TGVI	2005 Revenue Requirements - 3,566.23
F-5-05	ICBC	Financial Allocation Methodology - $73,438.00
F-6-05	TGVI	Resource Plan and Liquefied Natural Gas Storage Project CPCN - $45,612.90
F-7-05	Terasen Gas	2004 Annual Review of the 2004 to 2007 Negotiated Settlement Document - $17,705.56

PETROLEUM

P-1-05	Plateau	Approved tolls for the Northeast British Columbia and Blueberry-Taylor Crude Oil Pipelines
P-2-05	Terasen Pipelines	Approved 2004 permanent and 2005 interim tolls for the Jet Fuel pipeline
P-3-05	Pembina	Approved Tariff No. S-07 tolls for the Sunset Prairie Pipeline effective to June 30, 2005

L-23-04 PNG

Approved the current Company Use Gas Charges of $0.245/GJ PNG-West to continue as an interim rate as of April 1, 2004.

L-24-04 TERASEN GAS

Response to the District of Chetwynd regarding its complaint on rates charged to consumers within the District.

L-25-04 BC HYDRO

Letter addressing issues raised at the 2004/05 and 2005/06 Revenue Requirements Pre-hearing Conference and establishing the filing deadlines for Argument.

L-26-04 BC HYDRO

Letter approving amended hours for the May 20 hearing day for the 2004/05 and 2005/06 Revenue Requirements proceeding.

L-27-04 BC HYDRO

Approved the Line Contractors Association of BC application to withdraw evidence filed as Exhibits C16-2 and C16-3 at the 2004/05 and 2005/06 Revenue Requirements proceeding.

L-28-04 HVES

Accepted proposed terms regarding the handling of security deposits and interest payments of customers.

L-29-04 AQUILA

Determination regarding a deviation from compliance with conditions set out in Order No. G-31-87 regarding the acquisition of the Utility.

L-30-04 BC HYDRO

Letter addressing the Utility's Security Deposit Policy and how it applies to the new CCS billing system.

L-31-04 TERASEN (WHISTLER)/TERASEN GAS

Accepted the 2004/05 Gas Contracting Plan and Price Risk Management Plan for the Whistler and Revelstoke propane grid systems.

L-32-04 TGVI

Accepted the 2004 Second Quarter Gas Cost Report recommending rates remain unchanged. Directed that the issue of Gas Cost Variance Account imbalances transferred to the Revenue Deficiency Deferral Account be presented during the next Annual Review process as it is a departure from the Negotiated Settlement approved by Order No. G-2-03.

L-33-04 TERASEN GAS

Directed that the external auditor conduct another review of TGI's compliance with the Transfer Pricing Policy and Code of Conduct. TGI may canvass parties at the next Annual Review about the need for further reviews by the external auditor, and then reapply to the Commission to have the requirement removed in subsequent years covered by the Negotiated Settlement.

L-34-04 TGVI

Approved the recording in the deferral account for preliminary expenditures on gas supply to Vancouver Island, the TGI costs relative to the Vancouver Island Liquefied Natural Gas project. TGVI will be expected is show that all expenditures recorded in the deferral account were necessary when the Commission reviews the prudency of the recorded expenditures.

L-35-04 TGVI

Letter requesting interested parties to comment on the type of process to be used for the review of the 2004 Resource Plan filing.

L-36-04 TERASEN GAS

Accepted the 2004/05 Midstream Annual Gas Contracting Plan on the understanding that all individual gas supply contracts and amendments will continue to be filed in a timely fashion pursuant to Section 72 of the Act.

L-37-04 PNG

Accepted the Annual Contracting Plan and Price Management Plan for the 2004/05 period subject to considerations noted in Appendix A. The Annual Contracting Plan and Price Management Plan and Appendix A will be held as confidential.

L-38-04 BC HYDRO

Approved and accepted for filing, the Diesel Generation Costs and the rates for Tariff Supplements No. 7 and No. 8 as follows:

- Electric Tariff Supplement No. 7 - Interruptible Electricity Supply Agreement with Central Coast Power Corporation at an energy charge of 21.99 cents per kWh; and

- Electric Tariff Supplement No. 8 - Interruptible Electricity Supply Agreement with Queen Charlotte Power Corporation at an energy charge of 21.99 cents per kWh; and

Electricity sales to the Stikine Nation Corporation are adjusted for the period July 1, 2004 to June 30, 2005 as follows:

- Stikine Nation Corporation at an energy charge of 31.20 cents per kWh on an interim basis until the Interruptible Electricity Supply Agreement is filed.

L-39-04 TGVI

Approved a Municipal Gas Operating Agreement with the District of Highlands (see Order No. C-7-04). Denied TGVI's request for an Order for the District of Sooke.

L-40-04 TERASEN GAS

Letter commenting on TGI's submission regarding Rate Schedules 7, 10, 14 and 14A - Market-Based Commodity Rates for the 2004-2005 Gas Year (see Order No. G-64-04).

L-41-04 RETURN ON COMMON EQUITY

Letter requesting comments from the regulated utilities and interested parties on TGI's application for a review of the Automatic Adjustment Mechanism for determining the Return on Equity.

L-42-04 TERASEN GAS

Declined to approve the City of Fernie's request for an extension of the terms of the original Franchise Agreement with Terasen Gas Inc. In declining to approve Fernie's request, the Commission reference its earlier position as set out in Letter No. L-42-02 regarding Franchise Agreements.

L-43-04 TERASEN GAS

Directed TGI to hire an outside consultant to review its 2004-2006 Price Risk Management Plan and price risk management process.

L-44-04 TGVI

Accepted the 2004-2006 Price Risk Management Plan.

L-45-04 TERASEN (SQUAMISH)

Letter advising that the variance explanation provided with the 1999 to 2002 Squamish Main Extensions Report was acceptable and no additional analysis is required. Pursuant to Letter No. L-46-94, these main extensions may be removed from future review reports as five years of results have been reported and all Rate Stabilization Fund draws have been repaid.

L-46-04 TERASEN (SQUAMISH)

Letter commenting on the 2003 Mains Extensions Review report.

L-47-04 ICBC

Denied Pemberton Insurance Corporation's application for an Order to direct ICBC to provide additional information in response to its Information Request No. 3.1 on the Financial Allocation Methodology Application. The Commission determined that ICBC had adequately responded to the Information Request.

L-48-04 TERASEN GAS

Accepted the 2004 Third Quarter Report for the Lower Mainland, Inland and Columbia service areas under which no rate changes be made to the current Commodity Cost Recovery Charges or the Midstream Cost Recovery Charges.

L-49-04 PNG AND PNG (N.E.)

Approved that the current Gas Supply Charges and Gas Cost Variance Account natural gas rate riders for PNG-West and PNG (N.E.) continue at present levels effective October 1, 2004.

L-50-04 TERASEN GAS

Letter deferring the Coastal Facilities Project Variable Interest Entity Application to the November 2004 Annual Review of 2005 Revenue Requirements.

L-51-04 TGVI

Accepted the key gas supply portfolio changes as identified in the 2004/05 Annual Gas Contracting Plan subject to the understanding that all individual gas supply contracts and amendments will continue to be filed pursuant to Section 71 of the Act.

L-52-04 BC HYDRO

Letter to Norampac Inc. - Burnaby Division regarding the extent of the Force Majeure relief granted to a Rate Schedule 1821 customer under the Electricity Supply Agreement in the event of a labour disruption.

L-53-04 CANADIAN FOREST PRODUCTS LTD.

Denied Canfor's request that the revenue generated from incremental sales of electricity on Rate Schedule 1821 should be used to reduce the amounts owing under the revenue guarantee. BC Hydro is to recalculate the amount owing under the guarantee when Canfor commences service under Rate Schedule 1821, returning to Canfor the amount that has been reduced from the guarantee while retaining the balance.

L-54-04 BCTC

Letter enclosing Commission Information Request No. 1 (Exhibit A-1) to BCTC related to the CPCN Application for the System Control Modernization Project.

L-55-04 RETURN ON COMMON EQUITY

Letter establishing the 2005 return on common equity for a low-risk benchmark utility at 9.03 percent.

L-56-04 TGVI

Confirmation that TGVI is to limit the amount of expenditures recorded in the Preliminary Expenditures on Gas Supply to Vancouver Island Deferral Account to the current maximum of $2,074,000.

L-57-04 PNG

Approved the recording of temporary repair costs of the Work Channel Slide Pipeline Break in a Line Break Costs Deferral Account, to be amortized over ten years pending Commission approval of the final costs. The permanent repair costs will be capitalized in Plant Assets.

L-58-04 BCTC/BC HYDRO

Letter requesting Intervenor comments on the Standards of Conduct Applications.

L-59-04 BCTC

Letter setting down the regulatory timetable for the System Control and Modernization Project CPCN Application.

L-60-04 TERASEN GAS

Directed that no changes be made to the Commodity Cost Recovery Charges or the Midstream Cost Recovery Charges for the Lower Mainland, Inland,

Columbia, Revelstoke and Fort Nelson service areas as outlined in the 2004 Fourth Quarter Report filed December 2, 2004.

L-61-04 TERASEN (WHISTLER)

Directed that no changes be made to Rider A for the Whistler Propane service area as outlined in the 2004 Fourth Quarter Report dated December 2, 2004.

L-62-04 BC HYDRO

Letter establishing a Pre-hearing Conference to hear submissions regarding the merits of BC Hydro's application for an Order relieving BC Hydro of an obligation to respond to questions identified in Schedule A to Exhibit B-8, with respect to the Call for Tenders for Capacity on Vancouver Island and Review of Electricity Purchase Agreement proceeding.

L-63-04 BC HYDRO

Letter approving BC Hydro's application for relief from the obligation to respond to questions identified in Schedule A to Exhibit B-8, with the exception of the information requests identified in this letter, with respect to the Call for Tenders for Capacity on Vancouver Island and Review of Electricity Purchase Agreement proceeding.

L-64-04 BC HYDRO

Letter establishing a second Pre-hearing Conference and Agenda with respect to the Call for Tenders for Capacity on Vancouver Island and Review of Electricity Purchase Agreement proceeding.

L-65-04 TERASEN GAS

Letter enclosing Orders approving Franchise Agreement extensions with the City of Kimberley (C-10-04), District of 100 Mile House (C-11-04), District of Hudson's Hope (C-12-04) and the District of Chetwynd (C-13-04). The Commission declined to approve the request for an extension of the term of the Franchise Agreement with the City of Cranbrook.

L-66-04 TERASEN (SQUAMISH)

Letter confirming that the Tantalus Road Main Extension should proceed. A copy of the Ministry of Energy and Mines letter approving the main extension was requested.

L-1-05 BC HYDRO

Call for Tenders for Capacity on Vancouver Island and Review of Electricity Purchase Agreement proceeding letter approving the application by the Georgia Straight Crossing Concerned Citizens Coalition and the BC Sustainable Energy Association for admission as evidence in this proceeding, certain evidence regarding load forecasting from the Vancouver Island Generation Project proceeding.

L-2-05 BC HYDRO

Call for Tenders for Capacity on Vancouver Island and Review of Electricity Purchase Agreement proceeding letter denying Vanport Sterilizers Inc.'s reconsideration application of certain aspects of Order No. G-119-04 denying requests made by Vanport (Exhibit No. C39-4).

L-3-05 BC HYDRO

Call for Tenders for Capacity on Vancouver Island and Review of Electricity Purchase Agreement proceeding letter issuing the Panel's Reasons for Decision on the December 16, 2004 request by the Joint Industry Electricity Steering Committee that it reconsider the scope and evidence allowed in the Public Hearing.

L-4-05 TGVI

Denied TGVI's request to record more than $2,074,000 in the Preliminary Expenditures on Gas Supply to Vancouver Island Deferral Account.

L-5-05 SUNSHINE VALLEY UTILITIES LTD./ BC HYDRO

Letter requesting Sunshine Valley Utilities to review and respond to a complaint claiming that the rates charged are in excess of BC Hydro rates from whom Sunshine Valley obtains its electricity.

L-6-05 PNG

Letter stating that the Commission would not amend or otherwise vary its direction in the July 29, 2004 Decision on PNG's 2004 Revenue Requirements and clarifying certain directives contained in Section 6.3.6 of the Decision.

L-7-05 BC HYDRO

Denied BC Hydro's request for temporary relief from the Commission's directive to include Contractor safety statistics in its goal setting and pay for performance systems for its own employees by the next revenue requirements application.

L-8-05 BC HYDRO

Call for Tenders for Capacity on Vancouver Island and Review of Electricity Purchase Agreement proceeding letter issuing the Panel's Reasons for Decision on the request by the GSX Concerned Citizens Coalition, B.C. Sustainable Energy Association and Society Promoting Environmental Conservation for a reconsideration of certain decisions made by the Commission Panel regarding the conduct of the proceeding.

L-9-05 FORTISBC

Rejected the request for an NSP process to review the 2005 Revenue Requirements Application.

L-10-05 BC HYDRO

Call for Tenders for Capacity on Vancouver Island and Review of Electricity Purchase Agreement proceeding letter issuing the Panel's Reasons for Decisions on the GSX Concerned Citizens Coalition, B.C. Sustainable Energy Association and the Society Promoting Environmental Conservation application that the Chair be disqualified from participating in the Electricity Purchase Agreement review.

Also issued were the Panel's Reasons for Decision on the January 23, 2005 (Exhibit C20-35) GSX Concerned Citizens Coalition application for an Order that the Commission Panel disqualify itself on the grounds of a reasonable apprehension of bias and denial of procedural fairness and natural justice during the hearing.

L-11-05 BCTC/BC HYDRO

Letter requesting comments on BC Hydro's application for leave to file evidence in the Open Access Transmission Tariff hearing to rebut evidence filed by the Alberta Electric System Operator on December 17, 2004 (Exhibit C9-5) and in its responses to information requests filed on January 28, 2005 (Exhibit C9-6).

L-12-05 BC HYDRO

Accepted BC Hydro's proposal for a two stage response to Directive 72 and Directive 73 contained in the Commission's October 29, 2005 Decision on BC Hydro's 2004/05 to 2005/06 Revenue Requirements Application.

L-13-05 ICBC

Letter establishing the Cost Allocation Workshop.

L-14-05 TERASEN GAS/TGVI

Approved TGI's proposal to retain an independent third party to assess the value of extending the current outsourcing agreement that expires in 2007 with CustomerWorks for an additional three to four years and to determine the available alternate service providers in the market. The review should evaluate the value of converting TGVI's Banner Customer Information System ("Banner CIS") to the customer care technology platform using the Peace System ("Peace CIS") under TGI's CustomerWorks.

L-15-05 TERASEN GAS

Letter requesting comments on TGI's February 23, 2005 application for Rate Schedules 7, 10, 14 and 14A Market-Based Commodity Rates for the November 1, 2005 to October 31, 2006 gas contract year.

L-16-05 ICBC

Letter requesting ICBC comments on the applicability of Section 43 of the Act, which would require the Company to complete year-end reports.

L-17-05 TERASEN (SQUAMISH)

Letter confirming that the Discovery Centre main extension should proceed. A copy of the Ministry of Energy and Mines letter approving the main extension was requested.

L-18-05 TERASEN GAS

Directed that no changes be made to the natural gas rates for the Lower Mainland, Inland, Columbia and Fort Nelson service areas as outlined in the 2005 First Quarter Report filed March 7, 2005.

L-19-05 TGVI

Letter acknowledging the March 2, 2005 filing of the January 2005 Update Report on the deferral account related to preliminary expenditures on gas supply to Vancouver Island in accordance with Commission Letter No. L-4-05. The Commission reiterated that the maximum amount of expenditures that TGVI is to record in the deferral account is $2,074,000.

L-20-05 PNG/PNG (N.E.)

Directed that the Gas Supply Charges and Gas Cost Variance Account natural gas rate riders for PNG-West, for the Granisle propane grid system and PNG (N.E.) for the Fort St. John/Dawson Creek Division remain unchanged effective April 1, 2005.

L-21-05 TERASEN GAS

Letter extending the dates for commenting on the Application for Rate Schedules 7, 10, 14 and 14A - Market Based Commodity Rates for the 2005/06 Gas Contract Year.

L-22-05 TGVI

Directed that the Natural Gas Rates remain unchanged for the Vancouver Island and Sunshine Coast service areas effective April 1, 2005.

L-23-05 TERASEN GAS, TERASEN (SQUAMISH), TGVI, TERASEN (WHISTLER)

Directed each of the Utilities to file a report identifying the impact on 2005 income taxes that would result if the Federal Budget's proposed increases in Capital Cost Allowance Rates were to take effect.

L-24-05 BCTC

Letter advising the date, time and location of the Workshop and Settlement Discussions for the 2006 Revenue Requirements Application.

Publications

Copies of the following publications are available upon request or from the Commission's web site at *http://www.bcuc.com* :

- Utilities Commission Act, R.S.B.C. 1996, Ch. 473
- Introduction to the BC Utilities Commission - what it is, what it does, and why (pamphlet)
- Public Hearing Process - why we have public hearings and how to participate (pamphlet)
- Complaint Handling Procedures (pamphlet)
- Understanding Utility Regulation: A Participants' Guide to the British Columbia Utilities Commission
- Retail Markets Downstream of the Utility Meter Guidelines
- Resource Planning Guidelines
- Negotiated Settlement Procedures
- Guidelines for Certificate of Public Convenience and Necessity Applications
- Setting Gas Recovery Rates and Managing the Gas Cost Reconciliation Balance Guidelines

Copies of the following documents issued by the Commission are also available upon request or from the Commission's web site:

- Orders
- Decisions
- Regulatory Agendas
- Annual Reports
- Participant Assistance Cost Award Guidelines - Revised
- Service Plans
- Return on Common Equity

Commission Contacts

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Web Site

Internet users are invited to visit the Commission's web site at *http://www.bcuc.com*.

Glossary of Terms

allowance for funds used during construction (AFUDC)	The amount a regulated entity is allowed to earn to recover its cost of financing assets under construction. AFUDC is equal to the average cost of the construction work in process, times a financing rate which is usually equal to the entity's cost of capital rate. AFUDC is not recovered immediately through rates; it is included in the cost of the related assets and recovered in future periods through the depreciation charge.
allowed rate of return	The rate of return a regulated entity is allowed the opportunity to earn. When applied to the rate base, the allowed rate of return provides an amount equal to the cost of financing the investment required for regulated operations. The financing costs include both the cost of debt and the cost of equity.
alternative dispute resolution (ADR)	See "negotiated settlement process".
application for reconsideration	An application to have the Commission reconsider, vary, or rescind a decision or order previously issued.
burnertip rate	The rate charged for gas at the customer's meter, including the delivery charge, fixed monthly charge and gas commodity charge. It is usually calculated as an annual average rate based on typical annual consumption for the customer class.
capital cost	The fixed costs associated with the construction of an energy facility, including land and siting costs, material and labour costs, allowance for funds used during construction, and other applicable overhead charges.
cogeneration	The generation of electric power in conjunction with the use of steam in an industrial or space heating process, using waste heat from one process to drive the other. Cogeneration is more efficient compared to traditional thermal generating plants.
common carrier(s)	An energy transportation provider, typically a crude oil or natural gas pipeline which provides service on a non-discriminatory basis to all potential shippers.
cost of service	The total cost of providing service, including operating and maintenance expenses, depreciation, amortization, taxes and cost of capital. The cost of service is also known as "revenue requirements".

cost of service study	A study to determine the cost of service by class of service and/or customer. These studies are used to help determine how the revenue requirements are to be allocated among the rates for the various services/customers.
cross subsidization	Increasing the rates for one service or class of customers so the rates of another service or class of customers can be reduced below cost.
debt-equity ratio	The ratio of money borrowed by the utility to money invested in the utility by shareholders. There is a theoretical optimum for this for each utility.
deferral account	An account that records the deferral of a cost or revenue until a future date. A deferred asset account records a cost that would normally be expensed and recovered in the current period, but which is to be expensed or recovered in a future period. A deferred liability account records an amount recovered in the current period, to cover costs of providing service in a future period.
demand-side management (DSM)	Efforts to modify customer demand patterns by either increasing end-use energy efficiency or reducing fluctuations in energy demand.
distributed generation	Generation that is relatively small scale and located close to the final customer.
distribution system	The portion of an electric or natural gas transportation infrastructure that connects end-users to bulk production or transportation facilities.
energy losses	Energy lost during transportation from suppliers to end-users. Energy losses on a typical natural gas system are around 1 to 3 percent. Energy losses on a large electric system are around 5 to 8 percent.
export sales	Bulk sales of electricity or natural gas outside of British Columbia.
firm capacity	The amount of instantaneous energy production or transportation capacity that is available at a defined time.
firm energy	The amount of energy that is available over a defined period of time.
fixed cost	Costs associated with an energy production or transportation facility which must be paid whether the plant operates or not. Fixed costs generally include capital costs, contract demand charges and operating costs which are committed or unaffected by production levels.

gas cost reconciliation account (GCRA) **gas cost variance account (GCVA)**	A deferral account which accumulates the variance in actual gas costs from the actual gas revenue recovered in customer rates.
green power rates	Rates changed for electricity service from generators which do not pollute or damage the environment. Different groups define "green" power with various levels of restriction. For example, a run of the river hydro plant may be included while a new dam and reservoir may be excluded.
hydroelectric energy, hydroelectricity	Electric energy produced by water falling through a turbine generator. In British Columbia, hydroelectricity is the dominant form of electric energy production.
incentive regulation	Regulation which rewards utilities for cost savings or other actions which are desired by ratepayers.
independent power producers (IPPs)	Non-utility electric energy generators. Until the early 1970s, independent power producers were rare. With recent changes in utility technology and economics, they have become more common. Many issues relating to restructuring of the utility industry involve the role of independent power producers in a deregulated energy market.
information requests	Questions posed to those who have filed evidence for a hearing, pertaining to the evidence they have filed. Information requests and their responses are made prior to the hearing, in writing, and become evidence in the hearing. Information requests are also referred to as "interrogatories".
interim rate	A rate which is put in place until the regulator can determine the final rates. If the final rates are lower than the interim rates, customers are generally refunded their over-contributions with interest for the period of time the interim rates existed.
interruptible energy, interruptible service	Energy flow which can be reduced or cut off on relatively short notice when needed by other customers. Generally, interruptible energy is sold by contract at a reduced price or without fixed charges to end-users, with specific terms and conditions governing interruptibility rights.
investor-owned utility	A utility owned by private shareholders.
joule	A measure of energy or work done equal to a force of 1 newton applied through a distance of 1 metre. One gigajoule (one billion joules) is roughly equal to energy from 915 cubic feet of natural gas, 29 litres of gasoline, or 278 kWh of electricity.

kilowatt-hour	1,000 watt-hours.
load	The amount of energy required by end-users on a given portion of the system at a given time. Load originates primarily at customers' energy-consuming equipment.
load growth	Increase in the demand for energy.
load-resource balance	The point at which demand for energy exactly equals energy production.
local distribution company (LDC)	A utility (natural monopoly) that owns and operates the local delivery network for commodities such as electricity, natural gas and water. In a vertically integrated utility, local delivery is just one of several functions (e.g., BC Hydro). Thus, a LDC only exists when the delivery function has been vertically de-integrated (e.g., Terasen Gas).
market-based rates	Prices set freely in a competitive market, rather than prices based on costs of production.
megawatt (MW)	1,000 kilowatts, or 1,000,000 watts.
natural monopoly	An industry whose market output is produced at the lowest cost when production is concentrated in the hands of a single firm. The term utility is sometimes applied synonymously with natural monopoly.
negotiated settlement process (NSP)	A less formal process where the applicant, interested parties and Commission staff meet to review and attempt to negotiate a settlement on some or all aspects of an application. NSP is used to complement or as an alternative to the traditional regulatory process (e.g., oral public or written hearings) in an effort to save time and reduce the cost of utility regulation while achieving sound regulatory outcomes.
peaking gas	Gas which is stored or purchased under contracts which will allow delivery during the periods of highest demand.
performance-based rates	See "incentive regulation".
petajoule (PJ)	10^{15} or one quadrillion joules.
quasi-judicial	The powers and processes of a regulator which are similar to the courts.
rate base	The amount of investment in regulated operations on which a regulated entity is allowed to earn a return. It usually consists of the depreciated value of the plant in service required for regulated operations plus an allowance for working capital and deferred assets.

rate design	The methodology for apportioning the revenue requirement to the various classes of utility customers.
rate rider	A specific charge on a customer's bill to recover a specific cost over a fixed period of time.
ratepayers	The customers of a utility.
rates	The prices at which regulated services are provided.
real time pricing (RTP)	Variable pricing of electricity in which the price depends on the cost or market value of providing electricity during each time segment. Applying RTP to electricity service results in customer rates that vary according to the specific utility costs at various times.
retail competition	Permitting end-use energy customers to contract directly with energy suppliers for their electricity or natural gas commodity, while continuing to deal with transmission and distribution utilities for the commodity delivery. The energy commodity is generally sourced in a competitive marketplace.
return on equity (ROE)	The percentage return allowed for the invested equity of utility shareholders.
revenue requirements	See "cost of service".
self-generation	Generation of electricity by a customer for part or all of its own load requirements.
spot market	A real-time commodity market for immediate sale and delivery of energy products.
time-of-use rates	A rate structure that prices electricity at different rates, reflecting the changes in the utility's costs of providing electricity at different times of the day or year.
transmission grid, transportation grid, transmission system	An interconnected system of high voltage energy transportation lines and associated facilities used for bulk transfers of electricity. A high-pressure pipeline used for bulk transfers of natural gas is also referred to as a transmission system.
watt	The power required to do work at the rate of one joule per second.
watt-hour	One watt-hour is equal to 3,600 joules of energy.
wheeling	The service of delivering electricity across a transmission system for a third party.

wholesale markets — Wholesale electricity markets are comprised of transactions between buyers and sellers of bulk power at points on a high voltage transmission system.

wholesale rates — The unit prices charged for bulk energy services.